Canadian Food Inspection Agency

2009–2010

Performance Report

Approved:

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

For the period ending March 31, 2010

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Minister's Message

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board

Through the work of the Canadian Food Inspection Agency (CFIA), the Government of Canada is committed to protecting citizens from food safety risks, preventing and managing animal diseases, and protecting our plant resources from pests, diseases and invasive species. The successful delivery of this mandate also provides the critical foundation for domestic and international market confidence and the resulting economic opportunities for the agriculture and agri-food sectors.

The 2009–10 fiscal year was challenging for the CFIA and for me as Minister responsible. After the listeriosis outbreak of the previous year, the Government of Canada initiated an independent investigation into the response undertaken by the CFIA and its federal partners. The 57 recommendations of Sheila Weatherill were complemented by another study undertaken by the House of Commons Subcommittee on Food Safety. Upon receiving the recommendations of all the investigations, the Government of Canada immediately committed $75 million to ensure that the recommendations would be fulfilled. The CFIA has undertaken extensive reviews of its operating procedures and has begun hiring the 70 new food safety inspection staff to which the Government had committed. This builds upon the 538 inspection staff hired by he CFIA between March 31, 2006, and March 31, 2010.

To further the goal of continuous improvement in food safety and to implement the Weatherill recommendations, the CFIA continues to collaborate with federal, provincial, territorial, and municipal partners and organizations to minimize and manage risks to food. In addition to hiring new inspectors, the CFIA has purchased state-of-the-art technology to improve its ability to identify pathogens.

The Agency also implemented key communication enhancements to inform the public of food recalls, including the launching of foodsafety.gc.ca. Additional advances were made under the Food and Consumer Safety Action Plan and by engaging consumers in a dialogue around food safety.

The CFIA has responded to consumer and industry demands for greater assurance in the organic sector by developing our new *Organic Products Regulations*. These regulations provide for a consistent set of standards for all products marketed as organic.

Market access is an ongoing issue for the Canadian cattle and beef industry as a result of bovine spongiform encephalopathy (BSE). The CFIA continued to monitor the level of BSE and the effectiveness of measures taken to control the disease in the domestic cattle population. Our BSE control measures are directly responsible for international markets opening up to Canadian beef in countries like China and Colombia.

H1N1 was another high-priority animal and human health issue that the CFIA faced this past year. The Agency's response was to collaborate with the Public Health Agency of Canada to raise awareness in the animal health community and to develop rapid test methods to confirm the virus in animals. These tests were then shared with other animal disease laboratories in Canada and around the world.

In addition to an excellent track record in animal disease response, the CFIA pursued a proactive agenda related to animal health. To this end, the Agency launched an animal health awareness campaign around core biosecurity principles on farms across Canada. In addition, the Agency released the national Avian On-Farm Biosecurity Standard, designed to minimize the introduction and spread of diseases and pests. This standard was

developed through extensive consultation with agri-commodity stakeholders, academia, and provincial and federal partners.

The CFIA applies sound science when developing its policies and programs. It does this through consultations with, and participation in, highly respected international organizations such as the World Organisation for Animal Health (OIE), the Codex Alimentarius Commission and the International Plant Protection Convention. The collective intelligence and research of the world's foremost scientists are considered in CFIA policy and program delivery. This adherence to sound science informs Canadian consumers and our trading partners that they can be confident about the quality and safety of our food, livestock animals and plant products.

The Government of Canada will continue to work with its existing partners, other governments and stakeholders to strengthen our ability to prevent, prepare for and respond to food safety, animal health or plant health emergencies.

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Management Representation Statement for Performance Information

The Canadian Food Inspection Agency's (CFIA) *2009–2010 Performance Report* for the year ending March 31, 2010, was prepared under my direction and the CFIA's Senior Management Committee, and approved by the Minister of Agriculture and Agri-Food. In accordance with the *Canadian Food Inspection Agency Act*, the report also includes an assessment of the fairness and reliability of the performance information conducted by the Auditor General of Canada.

I submit for tabling in Parliament the *2009–2010 Performance Report* for the CFIA.

This document has been prepared based on the following reporting principles contained in the *Guide for the Preparation of Part III of the Estimates: 2010–2011 Report on Plans and Priorities and 2009–2010 Departmental Performance Report*:

- It adheres to the specific reporting requirements outlined in Treasury Board Secretariat guidance;
- It is based on the CFIA's Strategic Outcomes and Program Activity Architecture that were approved by Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Carole Swan
President, Canadian Food Inspection Agency

Section I: Agency Overview

1.1 Raison d'être

The Canadian Food Inspection Agency (CFIA) is the largest science-based regulatory agency in Canada. It has close to 7,300[1] dedicated employees working across Canada in the National Capital Region and in four operational Areas (Atlantic, Quebec, Ontario and West). The CFIA is dedicated to safeguarding food, animals and plants, and contributing to a safe and accessible food supply and plant and animal resource base—thereby enhancing the health and well-being of Canada's people, environment and economy.

THE CFIA'S LEGISLATIVE AUTHORITY

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*
- *Consumer Packaging and Labelling Act* (as it relates to food)
- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act* (as it relates to food)
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

The CFIA's activities are aimed at protecting Canadian and international food consumers, Canadian agricultural production (including forestry) and our environment. These activities benefit Canadian farmers, fishers, foresters, processors and distributors (including importers and exporters), as well as consumers.

1.2 Responsibilities

The CFIA is responsible for administering and enforcing 13 federal statutes and 38 regulations that govern the safety and labelling of food sold in Canada and that support a sustainable plant and animal resource base.

The CFIA shares many areas of responsibility with other federal departments and agencies; provincial, territorial and municipal authorities; and other stakeholders. Within a complex operating environment, the CFIA works with its partners to implement food safety measures; manage food, animal and plant risks and emergencies; and promote the development of food safety and disease control systems to maintain the safety of Canada's high-quality agriculture, aquaculture and fisheries, and agri-food products. The Agency's activities include verifying domestic industry compliance and compliance of imported products; registering and inspecting establishments; testing food, animals, plants and their related products; and approving the use of many agricultural inputs.

[1] This number also includes active, leave without pay, paid leave, and suspended employees.

THE CFIA'S KEY FEDERAL PARTNERS

- Health Canada
- Public Health Agency of Canada
- Agriculture and Agri-Food Canada
- Canadian Grain Commission
- Public Safety Canada
- Canada Border Services Agency
- Fisheries and Oceans Canada
- Natural Resources Canada, including Canadian Forest Service
- Foreign Affairs and International Trade Canada
- Environment Canada, including Canadian Wildlife Service

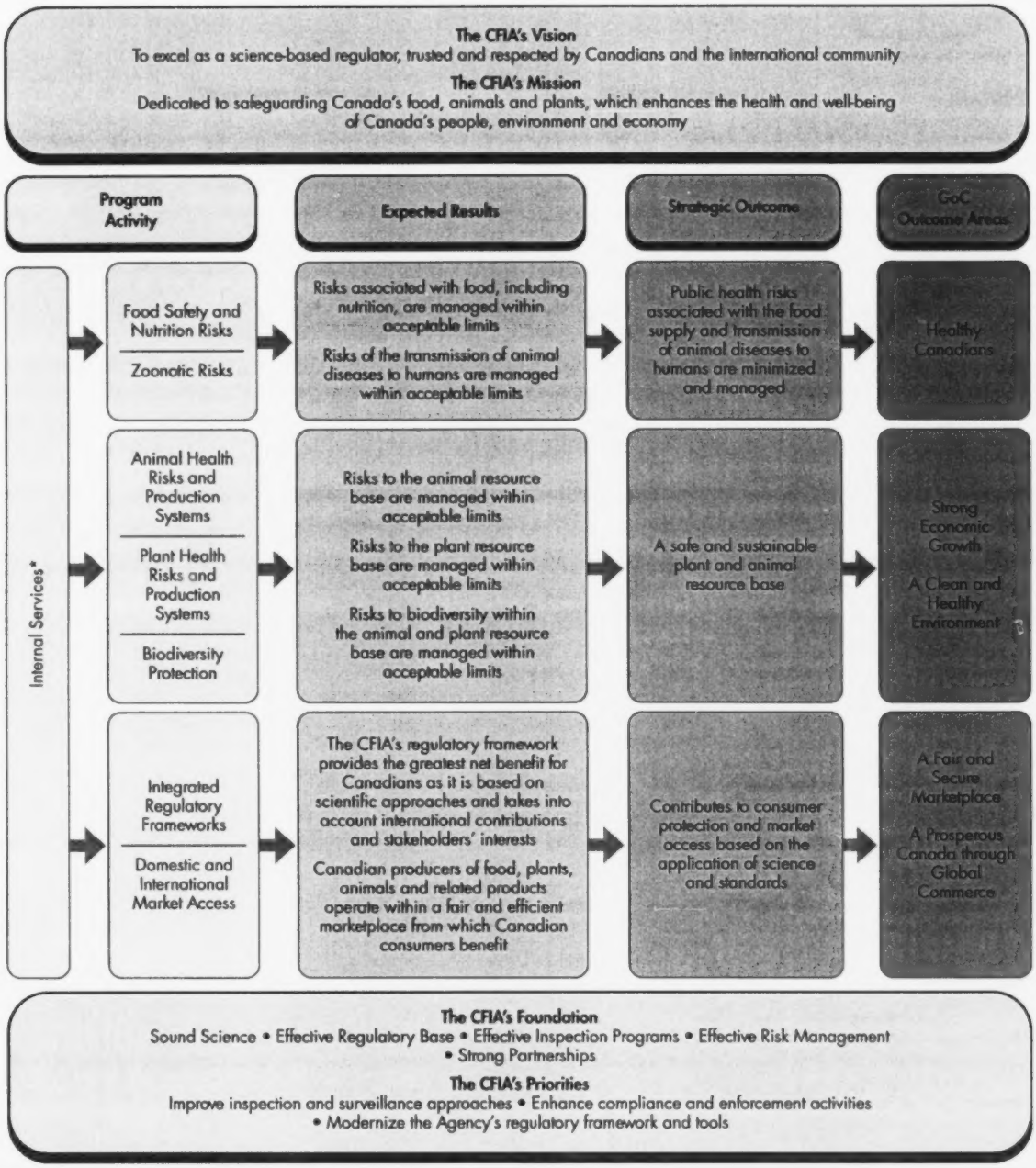
At the CFIA, informed decision making is based on high-quality, timely and relevant science. Science informs policy development, as well as program design and delivery, through the practices of foresight, advice, risk assessment, influencing international standards, research and development, and testing.

1.3 Strategic Outcomes and Program Activity Architecture

The CFIA's Program Activity Architecture (PAA) is a component of its Management, Resources and Results Structure (MRRS), which forms part of the *Whole of Government Framework* for a common, government-wide approach to the collection, management and reporting of financial and non-financial information. To effectively deliver on its responsibilities, the CFIA aims to achieve three strategic outcomes (SO).[2] The current PAA, shown in Figure 1, illustrates the alignment of the CFIA's strategic outcomes to the Government of Canada (GoC) outcome areas and reflects how the Agency plans to allocate and manage its resources in order to achieve the corresponding expected results.

[2] Strategic outcome: Long-term and enduring benefit to Canadians that stems from the Agency's vision and mission. It represents the difference the Agency intends to make for Canadians.

Figure 1: The CFIA's Program Activity Architecture


The CFIA's Vision
To excel as a science-based regulator, trusted and respected by Canadians and the international community
The CFIA's Mission
Dedicated to safeguarding Canada's food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy
Program Activity
Expected Results
Strategic Outcome
GoC Outcome Areas
Internal Services*
Food Safety and Nutrition Risks
Zoonotic Risks
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed
Healthy Canadians
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Integrated Regulatory Frameworks
Domestic and International Market Access
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
The CFIA's Foundation
Sound Science • Effective Regulatory Base • Effective Inspection Programs • Effective Risk Management • Strong Partnerships
The CFIA's Priorities
Improve inspection and surveillance approaches • Enhance compliance and enforcement activities • Modernize the Agency's regulatory framework and tools

* The Internal Services program activity supports all of the CFIA's strategic outcomes.

1.4 Performance Summary

1.4.1 Expenditure Profile

1.4.1.1 Comparison of Planned versus Actual Spending

2009–10 Financial Resources ($ millions)		
Planned Spending	**Total Authorities**	**Actual Spending**
597.0	750.6	718.1

2009–10 Human Resources (Full-time Equivalents – FTEs[3])		
Planned	**Actual**	**Difference**
6,357	6,525	(168)

The variance between Planned Spending and Total Authorities is mainly attributable to the following: funding received for the continuance of the Bovine Spongiform Encephalopathy (BSE) initiative and the Growing Forward Program Suite; funding received for new program initiatives such as Canada's Economic Action Plan (CEAP), the Government Response to Listeriosis, H1N1 Preparedness and Response, and the Pork Industry Recovery and Expansion Strategy; funding received to assist in the payment of litigation cost; funding received for collective bargaining and for the 2008–09 carry forward; as well as increases in statutory compensation and statutory employee benefit plans.

The variance between Total Authorities and Actual Spending is less than 5% and is mainly due to the establishment of a frozen allotment to cover costs associated with moving funding from non-pay to pay, delays in capital projects and small lapses in some of the Agency's initiatives.

The Variance between Planned and Actual Human Resources is attributable to additional salary resources received for the Government Response to Listeriosis, the H1N1 Preparedness and Response, and the Pork Industry Recovery and Expansion Strategy, as well as an increase in hiring related to existing CFIA initiatives, including the Food and Consumer Safety Action Plan (FCSAP).

The 2009–10 Report on Plans and Priorities (RPP) reflected a notional budget of some 6,357 FTEs[3] for 2009–10. In the time since the 2009–10 RPP was tabled, additional FTEs were received for the continuance of BSE, the Government's Response to Listeriosis, the H1N1 Preparedness and Response, and the Pork Industry Recovery and Expansion Strategy which explains the increase from planned to actual FTEs. Only employees who are receiving a salary are included in the FTE figure. The CFIA Population Trend chart shows a total of 7,272 actual employees. This figure reflects all employees currently on strength with the Agency[4].

[3] Full-Time Equivalent (FTE): A measure of human resource consumption. It calculates the number of assigned hours of work over the total hours of regularly scheduled work (37.5 hours per week over 12 months). For example, an employee who works half-time (18.75 hours per week) over a 12-month period is equivalent to a 0.5 FTE.

[4] This includes active, on leave without pay, on paid leave, and suspended employees.

1.4.1.2 Voted and Statutory Items

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007–08 ($ millions)	2008–09 ($ millions)	2009–10 ($ millions)	
		Actual Spending	Actual Spending	Main Estimates	Actual Spending
30	Operating Expenditures and Contributions	573.6	524.6	480.6	591.5
35	Capital Expenditures	22.3	26.1	22.6	35.0
(S)	Compensation Payments under the *Health of Animals Act* and the *Plant Protection Act*	10.6	20.5	1.5	7.3
(S)	Contributions to employee benefit plans	74.1	73.5	67.3	84.2
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.7	0.8	0.0	0.1
	Total	681.3	645.5	572.0	718.1

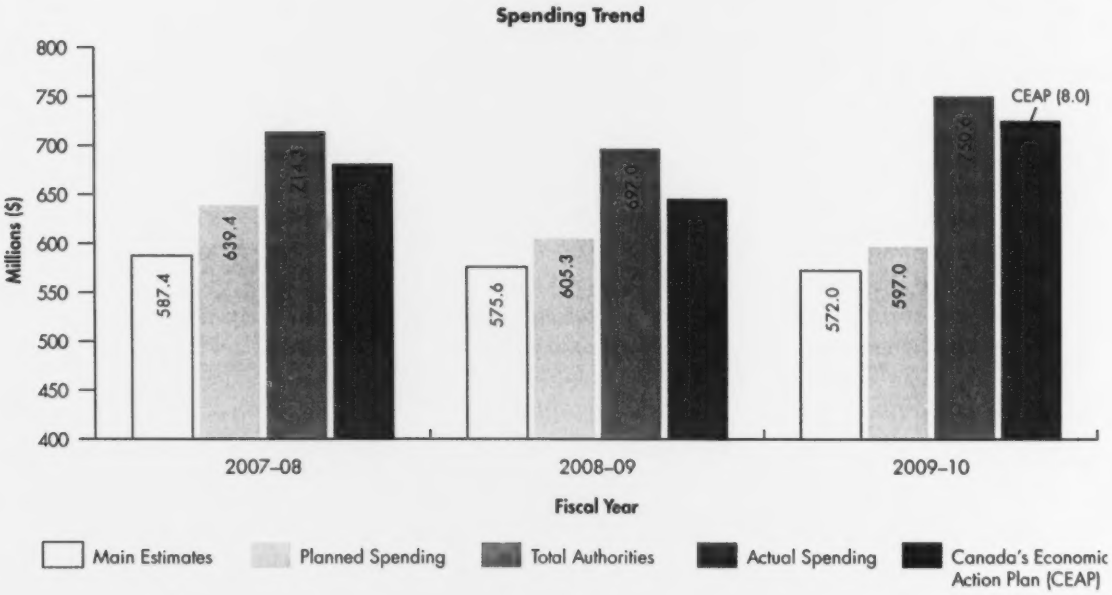
The increase in Actual Spending from 2008–09 to 2009–10 within the Operating Expenditures and Contributions Vote is mainly due to new funding received for H1N1 Preparedness and Response; the Pork Industry Recovery and Expansion Strategy; the Government Response to Listeriosis; the payment of litigation costs; costs related to the implementation of new collective bargaining agreements for a large percentage of the Agency's employees; and an increase in resources received from Agriculture and Agri-Food Canada (AAFC) under the Growing Forward Program Suite.

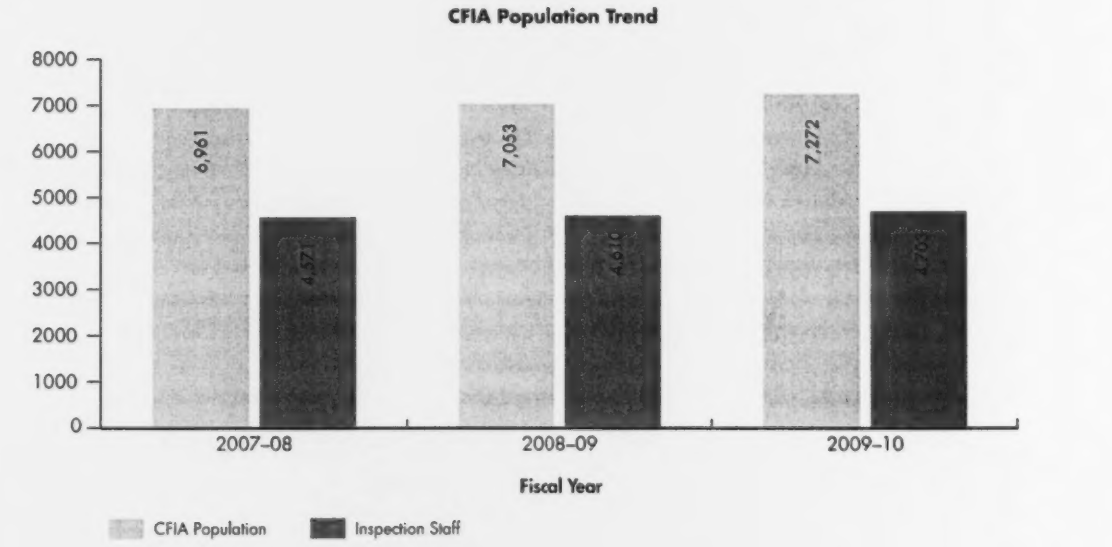
The increase in Actual Spending from 2008–09 to 2009–10 within the Capital Expenditures Vote is mainly due to new funding received under the CEAP for Modernizing Laboratories, as well as new funding received for the Government Response to Listeriosis and H1N1 Preparedness and Response.

The decrease in Actual Spending from 2008–09 to 2009–10 in Statutory Compensation payments largely pertains to decreased expenditures related to Sudden Oak Death, Chronic Wasting Disease and Avian Influenza.

1.4.1.3 Spending and CFIA Population Trend

The CFIA's spending has increased overall from 2007–08 to 2009–10 mainly due to incremental resources received for the FCSAP, the CEAP, the Government Response to Listeriosis, H1N1 Preparedness and Response, the Pork Industry Recovery and Expansion Strategy, and collective bargaining. The 2008–09 spending appears to have decreased over the previous fiscal year. However, this is an anomaly due to the settlement of the reclassification of meat inspector positions in 2007–08.





Note: The above figures include active, leave without pay, paid leave, and suspended employees.

Canada's Economic Action Plan[5]

The federal government committed approximately $24 million over two years (2009–10 to 2010–11) to help modernize the CFIA's laboratories. The CFIA has planned to deliver 13 initiatives comprising 30 projects in six provinces and seven laboratories. In Year 1 (2009–2010), the federal government provided the CFIA with $9.8 million under the CEAP. This funding was used to help modernize the CFIA's laboratories so that scientists and researchers can continue to work in safe, modern facilities and continue contributing to the health and safety of Canadians.

1.4.2 Performance Summary Tables[6]

Please note that, starting with the 2009–10 Estimates cycle, the resources for the Internal Services Program Activity are displayed separately from other program activities. They are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

The performance summary in Table 1-1 represents the performance summary at the Program Activity level.

Table 1-1: Linking Performance to Strategic Outcome 1

Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed	
Program Activity	**Alignment to Government of Canada Outcome Areas[7]**
Food Safety and Nutrition Risks	Healthy Canadians
Zoonotic Risks	Healthy Canadians

Performance 2009–10

The CFIA, in collaboration with federal, provincial, territorial, and municipal partners and organizations, worked to minimize and manage risks to food and food production systems from unintentional and deliberate threats by undertaking the following work: continuing to address the recommendations of reviews of the 2008 listeriosis outbreak; advancing its efforts under the FCSAP; and taking steps to engage consumers in a dialogue to manage food safety and nutrition risks. The Agency continued to minimize and manage risks associated with the transmission of animal diseases to humans by enhancing its surveillance systems and by forming partnerships and plans to respond to zoonotic diseases[8].

Program Activity	**2008–09 Actual Spending ($ millions)**	**2009–10 ($ millions)**			
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**
Food Safety and Nutrition Risks	228.2	220.5	245.5	276.5	270.5
Zoonotic Risks	66.1	75.3	75.3	91.2	83.3
TOTAL	**294.3**	**295.8**	**320.8**	**367.7**	**353.8**

[5] For detailed performance information on CFIA, CEAP Projects, please refer to Section 2.2.4 Internal Services.

[6] The performance summaries in Tables 1-1, 1-2 and 1-3 represent performance at the Program Activity levels.

[7] For more information on Government of Canada outcome areas, please refer to www.tbs-sct.gc.ca/ppg-cpr/framework-cadre-eng.aspx?Rt=1039

[8] Zoonotic diseases are diseases transmissible from animals to humans.

Table 1–2: Linking Performance to Strategic Outcome 2

Strategic Outcome 2: A safe and sustainable plant and animal resource base	
Program Activity	**Alignment to Government of Canada Outcome Area**
Animal Health Risks and Production Systems	Strong Economic Growth
Plant Health Risks and Production Systems	A Clean and Healthy Environment
Biodiversity Protection	A Clean and Healthy Environment

Performance 2009–10

The CFIA, in collaboration with its partners, continued to help protect Canada's animals from regulated diseases and to promote and regulate animal welfare. This was achieved by working with stakeholders to develop a more flexible structure for responding to animal health emergencies and by modernizing the regulatory framework relating to animal programs. The CFIA minimized and managed risks to Canada's plant resource base by focusing on advancing the development of a holistic approach to managing plant pest–related risks and by facilitating trade and commerce and economic growth. The CFIA continued to help prevent the spread of invasive species and other pests to Canada's environment through targeted programs and services.

Program Activity	**2008–09 Actual Spending ($ millions)**	**2009–10 ($ millions)**			
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**
Animal Health Risks and Production Systems	86.8	56.7	56.7	84.1	80.1
Plant Health Risks and Production Systems	75.9	61.3	61.3	94.7	89.7
Biodiversity Protection	12.9	11.1	11.1	11.3	9.5
TOTAL	**175.6**	**129.1**	**129.1**	**190.1**	**179.3**

Table 1-3: Linking Performance to Strategic Outcome 3

Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards	
Program Activity	**Alignment to Government of Canada Outcome Area**
Integrated Regulatory Frameworks	A Fair and Secure Marketplace
Domestic and International Market Access	A Prosperous Canada Through Global Commerce

Performance 2009–10

The CFIA continued to enhance consumer protection by strengthening the regulatory base and improving the regulatory amendment process. The CFIA worked with stakeholders to address, and provide guidance on, priority regulatory areas of interest to Canadians such as the development of the *Organic Products Regulations* and changes to the *Seeds Regulations*. The CFIA improved domestic and international market access by implementing and enforcing a more effective and efficient regulatory system and through its contribution to the drafting and development of international standards.

Program Activity	2008–09 Actual Spending ($ millions)	2009–10 ($ millions)			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Integrated Regulatory Frameworks	14.9	14.2	14.2	14.2	10.7
Domestic and International Market Access	30.4	24.6	24.6	36.1	32.4
TOTAL	**45.3**	**38.8**	**38.8**	**50.3**	**43.1**

Internal Services

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups include the following: Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Security Management Services, Environmental Management Services, Materiel Management Services, Procurement Services and Travel and Other Administrative Services.

Program Activity	2008–09 Actual Spending ($ millions)	2009–10 ($ millions)			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Internal Services	130.3	108.3	108.3	142.5	141.9
TOTAL	**130.3**	**108.3**	**108.3**	**142.5**	**141.9**

1.4.3 Contribution of Priorities to Strategic Outcomes

For 2009–10, the CFIA established three priorities to guide the management of resources toward achieving its strategic outcomes (SO). The CFIA's performance with respect to achieving these priorities is summarized below while Section II elaborates on performance by SO.

Table 1-4: Summary of Performance by Operational Priority

Operational Priorities	Type	Status	Linkages to SO(s)
Improve inspection and surveillance approaches	Ongoing	Mostly Met* In support of this priority, the CFIA undertook the following work: • Advanced its efforts under the FCSAP to better anticipate and respond to food safety problems; • Continued to address the recommendations of the Report of the Independent Investigator into the 2008 Listeriosis Outbreak; • Implemented the Compliance Verification System (CVS) in the Feed Program and continued the improvement of the CVS for the Meat program; • Addressed product misrepresentation issues by developing the *Organic Products Regulations*; and • Worked with existing and new trading partners to support market access opportunities for Canadian exports and address unexpected technical market access issues.	SO 1: Public health risks associated with the food supply and transmission of animal diseases to humans is minimized and managed SO 3: Contributes to consumer protection and market access based on the application of science and standards
Enhance compliance and enforcement activities	Ongoing	Somewhat Met* In support of this priority, the CFIA undertook the following work: • Engaged partners and stakeholders to develop a regulatory amendment aimed at updating regulations on the humane transportation and humane slaughter of animals in Canada; and • Developed a detailed and technical action plan to enhance the management of risks associated with the imports of plants and plant products in response to the recommendations of both the Standing Committee on Public Accounts (PACP) and the Office of the Auditor General (OAG) reports.	SO 2: A safe and sustainable plant and animal resource base
Modernize the Agency's regulatory framework and tools	Previously committed	Mostly Met* In support of this priority, the CFIA undertook the following work: • Continued work on the timely renewal and modernization of the Agency's regulatory framework; • Worked with domestic government partners to increase consumer and industry awareness and understanding of their role in food safety through the use of communications tools; and • Continued consumer outreach activities, including outreach and engagement with the media to promote the safe handling of food.	All Strategic Outcomes

* Exceeded: More than 100 per cent of the expected level of performance, Met All: 100 per cent of the expected level of performance, Mostly Met: 80 to 99 per cent of the expected level of performance, Somewhat Met: 60 to 79 per cent of the expected level of performance, Not Met: Less than 60 per cent of the expected level of performance.

1.5 Risk Analysis

The effective management of risks associated with food, animals and plants is fundamental to the achievement of CFIA's mandate. To ensure the effective and consistent management of risks, CFIA's approach to risk management is articulated in its *Integrated Risk Management (IRM) Policy*. The policy highlights the importance of IRM as an integral part of all CFIA mandate delivery, governance, and stewardship responsibilities. IRM provides value by informing policy development, priority setting, planning, resourcing, delivery, review and reporting activities at all levels within the CFIA.

A key output of the CFIA's risk management process is the Agency-wide Corporate Risk Profile (CRP). The CRP describes the CFIA's nine strategic risks, as identified against the Agency's strategic outcomes. The risks and mitigation strategies identified in the CRP help to inform the Agency's *Report on Plans and Priorities*, the CFIA's key planning document. Progress against the mitigation strategies is subsequently reported against in the Agency's *Performance Report* (PR).

In 2009–10 continued efforts were aimed at mitigating risks associated with Foodborne Hazards, which include the failure to detect, track or mitigate foodborne pathogens, toxins, chemical contaminants and other health hazards. The CFIA focused its mitigation efforts on a number of key initiatives such as making additional advances under the Food and Consumer Safety Action Plan and addressing the recommendations put forward in the Report of the Independent Investigator into the 2008 Listeriosis outbreak. The CFIA was also able to capitalize on a number of opportunities related to Foodborne Hazards. One key opportunity is that the CFIA implemented the Compliance Verification System (CVS) in the Feed Program and continued improvement of CVS for the Meat Program. The CVS will help improve regulated parties' compliance with regulations and enhance food safety oversight. It is expected that industry compliance with regulations will continue to increase each year as operators of federally registered meat and poultry establishments become more familiar with the CVS. More information on key initiatives aimed at mitigating the risks associated with Foodborne Hazards can be found under Strategic Outcome (SO) 1 performance reporting found in Section 2.2.1.

This year, the CFIA continued work with its key partners towards mitigating risks associated to Zoonotic Incidents, which include failure to detect or prevent the entry or spread of an animal disease transmissible to humans (zoonotic). The emergence of the H1N1 virus this past year was a major focus of the CFIA's activities under this risk area. The CFIA worked with a number of its governmental partners, including the Public Health Agency of Canada (PHAC), to effectively mitigate the risk posed to humans and animals by H1N1. In addition, the Agency pursued a number of opportunities including collaborating with the Canadian Animal Health Surveillance Network (CAHSN) National BSE Surveillance Program to achieve a web-based, central repository. This repository allows for merged provincial BSE test data which is accessible for analysis and reporting to the World Organization for Animal Health. Further details as well as other examples of key initiatives aimed at mitigating the risks associated to Zoonotic Incidents can be found under SO 1 performance reporting found in Section 2.2.1.

A number of key initiatives were undertaken this year to mitigate the risks associated with Animal and Plant Pests and Diseases. These risks include the failure to appropriately prevent, detect, contain and mitigate a pest or disease that threatens the plant and/or animal resource base. Mitigation efforts against animal disease focused on a number of areas including working with partners to advance key initiatives such as further implementation of the National Aquatic Animal Health Program and further development of a framework to guide animal health and welfare-related activities in Canada. The CFIA also continued work with its federal/provincial/territorial partners to deliver on a National Agriculture and Food Traceability System for livestock and poultry. This system is a key opportunity under the Animal Health risk area and will enhance the capacity to track priority livestock species (cattle, hogs, bison, sheep and poultry) and support animal health and disease control, emergency management and market access.

This year also saw continued work directed at managing plant pest-related risks. This work focused not only on mitigating the risks identified in the CRP but also responding to those identified in the Office of the Auditor General's 2008 audit, *Managing Risks to Canada's Plant Resources*. In addition, the CFIA completed an internal evaluation of its Invasive Alien Species Program. CFIA's actions in this area have focused on strengthened governance, Information Management and Information Technology action items, as well as performance management. The CFIA also worked on implementing a number of preventative measures. The Agency recognizes that prevention depends on effective environmental scanning, identification of high-risk pests and pathways and collaboration between internal and external stakeholders to develop and implement effective risk-mitigation measures for plant commodities. To that end, new phytosanitary measures were put into place to minimize the risk of introduction of two new plant pests: tomato leafminer moth (*tuta absoluta*) and the false codling moth (*Thaumatotibia leucotreta*). Further details as well as other examples of key initiatives aimed at mitigating the risks associated with Animal and Plant Pests and Diseases can be found under SO 2 performance reporting found in Section 2.2.2.

Progress was also made in 2009–10 towards mitigating the risks related to Human Resources management. These risks include being unable to attract, develop and retain a human resource base with the necessary competencies to fully and effectively deliver on the CFIA's mandate. This year the CFIA continued to progress on all public service renewal commitments that respond to challenges related to planning, engagement, recruitment, building capacity, and providing a supportive human resource management architecture. More information on key initiatives aimed at mitigating the risks associated to Human Resources management can be found under the Internal Services program activity performance reporting found in Section 2.2.4.

Foresight exercises were conducted and completed as part of mitigation strategies related to the risks associated with Science and Technology Capacity. These risks include the CFIA's scientific and technology capacity not being able to remain abreast of new scientific or regulatory developments. The exercises were part of the Foresight for Canadian Animal Health (Fore-CAN) project, led by the CFIA with partners in PHAC, AAFC, provinces and territories, academia and industry. Foresight is a key element for a better understanding of the challenges and opportunities that science partners will have to face in the future. Further details as well as other examples of key initiatives aimed at mitigating the risks associated with Science and Technology Capacity can be found under SO 2 performance reporting found in Section 2.2.2.

A number of mitigation strategies for addressing the risks associated with Information for Decision-Making, including that performance, analytical and scientific information will be insufficiently compiled, focused and defined to support CFIA decision-making and reporting, were pursued. These strategies include the development of the Performance Management and Reporting Solution and related key IM/IT initiatives such as the implementation of a data centre that houses mission-critical computer systems and associated components. Once fully implemented, these strategies will help the CFIA to strengthen its internal decision-making and reporting processes. Further details as well as other examples of key initiatives aimed at mitigating the risks associated to Information for Decision-Making can be found under the Internal Services program activity performance reporting found in Section 2.2.4.

The risks associated to Partnership include that the roles and responsibilities of key partners will be insufficiently coordinated to support program delivery. The primary mitigation strategy that the CFIA has identified for these risks is the enhancement of its relationships with partners and stakeholders with regards to information sharing, and CFIA participation in international fora. To that end, the CFIA has continued its participation in a number of international regulatory fora including the World Organization for Animal Health and the Codex Alimentarius Commission. The CFIA has also enhanced its relationship with a number of its key partners including working with the U.S. Food and Drug Administration, to discuss options for information-sharing regarding

mutual food safety challenges and to identify areas for collaboration. Further details as well as other examples of key initiatives aimed at mitigating the risks associated to Partnership can be found throughout Section 2, as these risks relate to all Agency SOs.

Key initiatives continue to be undertaken for addressing the risks associated with having insufficient Internal Coordination to support program delivery and design. A major focus this year for the CFIA was on beginning the process for establishing an Agency Enterprise Project Management Office (EPMO). Once firmly established, the EPMO will help to ensure consistency in Agency project management through the design and implementation of project management processes, standards and templates. Further details as well as other examples of key initiatives aimed at mitigating the risks associated to Internal Coordination can be found throughout Section 2, as these risks are associated with all Agency SOs.

The CFIA also continued work towards strengthening its regulatory base as a means to protect consumers and facilitate trade. These efforts were aimed at mitigating the risks associated to the Program Framework. Work continued on the advancement of the CFIA's Paper Burden Reduction Initiative. Under this initiative, is the E-Certification project which aims to reduce the risks associated to export documentation while also reducing the time it takes to issue import/export certificates. The CFIA also continued to work with international organizations to influence the development and implementation of international standards. This work included providing technical expertise on a number of trade negotiations and establishing an Agency chief technical negotiator. Further details as well as other examples of key initiatives aimed at mitigating the risks associated to the Program Framework can be found under SO 3 performance reporting found in Section 2.2.3.

1.6 Office of the Auditor General Reports

The Auditor General's assessment of the CFIA's performance information is presented in Section 2.1.3 of this report. The performance information, presented in Section 2.2, has not been audited; the assessment is done only at a review level of assurance.

The Auditor General's audit opinion on the CFIA's financial statements is presented in Section 3.1 of this report. The audited statements are also presented in Section 3.1.

The Auditor General has not assessed or audited other sections of this report.

Section II: Analysis of Program Activities by Strategic Outcome

2.1 How the Agency Plans and Reports

In accordance with Treasury Board Secretariat's (TBS) MRRS Policy, the CFIA planning and reporting framework is based on strategic outcomes, a PAA and an associated governance framework. The PAA is aligned with the GoC outcomes and takes into consideration the impact of several factors – including the global and national environment, GoC priorities, CFIA strategic risks, its human and financial resource capacity, and outcomes of its past performance and related lessons learned.

This report highlights key accomplishments and reports on progress made in advancing the plans and priorities identified in the CFIA's 2009–10 RPP. Under each strategic outcome and program activity, performance is reported on special initiatives, risk mitigation strategies and ongoing activities, with a focus on expected results for Canadians.

Section 2.2 of this report describes performance information, including highlights, challenges, lessons learned and expected results for each strategic outcome measured against targets using compliance and other relevant performance indicators.

2.1.1 Assessment of Compliance and Performance Targets

Given the complexity and inherent variability of the agriculture, agri-food, forestry and fisheries production, processing and distribution sectors, the approach to assessing compliance varies across commodity groups. The CFIA uses a variety of tools to monitor and promote compliance, including inspections, audits, product sampling and testing. The CFIA uses risk-based approaches that focus effort on the areas of highest risk. For example, the CFIA focuses its efforts on systems, processes and facilities that have the most direct effect on the safety of food. The resulting compliance rates indicate the extent to which regulated parties have adhered to requirements specified in the federal acts and regulations. Year-over-year compliance trends, when the broader environmental context is taken into account, are more informative in terms of the true performance in an area than the absolute compliance rate for any one year. For detailed information on the assessment of compliance, see Section 3.3.3.

Performance targets for compliance rates are qualitative or quantitative goals set by the CFIA that provide a basis for measuring the performance of regulated parties and the Agency toward achieving expected results. The targets in this report are for critical program areas and based either on historical averages of actual performance or on the expected results of effective programming (e.g. rate of industry compliance with regulatory standards). The CFIA has assessed the extent to which performance has met or exceeded established targets and provided analysis when performance has fallen below targets. Targets for programs that monitor activities are set differently than for programs that focus on specific areas of non-compliance. In terms of compliance rates, the CFIA considers performance within +/- 1% to be considered met.

2.1.2 Fair and Reliable Performance Reporting

In 2008–09, as part of a long-term process to improve overall performance measurement and reporting, the CFIA initiated the Performance Management Reporting Solution (PMRS) project, an Agency-wide management tool that will allow for better reporting and enhance performance monitoring and reporting at all levels. The Enterprise and Operational Reporting (EOR) system, an electronic data warehouse that integrates data from CFIA programs for use by the PMRS, was also launched. When fully operational, the PMRS will facilitate the production of corporate documents such as the RPP, the Performance Report and the Management Accountability Framework, and the PAA and its Performance Measurement Framework. In 2009–10, 16% of the programs were rolled out in the EOR system.

2.1.2.1 Data Quality

In 2009–10, a review was conducted of the methodology behind the *Data System and Process Control* table that used to appear in previous performance reports (PR). It was determined that the methodology previously used to assess the quality of the data and the resulting assigned ratings was no longer valid because it did not adequately reflect the current state of data control at the CFIA. As such, the *Data System and Process Control* table has been removed.

Consequently, to provide the reader with an understanding of the level of reliability associated with the performance indicator results found in this report, the CFIA has included a table outlining the various data quality checks that are in place for each performance indicator. The CFIA has identified nine general data quality checks that can be present during the process whereby raw performance data is collected, processed, and analysed to generate a final performance result. Table 2-1 shows which of the nine data quality checks are used in each of the data systems behind each performance indicator. This provides the reader with a clear sense of the data quality checks used to generate each performance indicator result.

It is important to keep in mind that the information found in this table provides a relative measure of the reliability of the performance indicator results. This means a data system with nine out of nine data checks in place should be thought of as more reliable than one with five out of nine data checks. It does not mean that a data system with five out of nine data checks in place is unreliable or that a data system with nine out of nine data checks is reliable. The reader should keep in mind that the performance indicator results presented in this report do go through a thorough internal review before they are published. Please note that the new approach used this year to improve the data quality discussion is an interim step in a longer term process. As such, the CFIA will continue to strengthen its data quality discussion in future performance reports.

Table 2-1: Data Quality Checks

Indicator Title	Source Documents available (Guides, Procedures, manuals)	Data is cross-referenced	Performance results are compared to previous years	System reports and results are consistent regardless of when they are generated or who generates them	Employees are trained to manipulate data	No 3rd-party data is used or 3rd-party data is provided in a compulsory fashion	Data is prepared at least once per year	Management Reviews results at least once per year	No new data system(s) used in 2009–10	# Data Quality Checks Met
Extent to which inspected federally-registered establishments comply with federal food safety requirements										
Meat	√	X	√	X	X	√	√	X	√	5
Fish and seafood	√	√	√	√	√	√	√	√	√	9
Processed products	X	X	√	√	X	√	√	√	√	6
Dairy	√	X	√	√	√	√	√	√	√	8
Shell Egg	√	√	√	√	√	√	√	√	√	9
Extent to which domestic and imported food products comply with federal chemical residue requirements										
Meat	√	X	√	√	√	√	√	√	√	8
Fish & Seafood	√	√	√	√	√	√	√	√	√	9
Fresh fruit and vegetables	√	X	√	√	√	√	√	√	√	8
Processed products	√	X	√	√	√	√	√	√	√	8
Honey	√	X	√	√	√	√	√	√	√	8
Shell Egg	√	X	√	√	√	√	√	√	√	8
Dairy	√	X	√	√	√	√	√	√	√	8
Time taken to issue public warnings for Class I recalls	√	X	√	√	√	√	√	√	√	8
Extent to which nutrition information on non-registered food products inspected is accurate	√	X	√	√	√	√	√	√	√	8
Number of incidents of Avian Influenza that expand beyond the initial control zone	√	√	X	√	X	√	√	√	√	7

Indicator Title	Source Documents available (Guides, Procedures, manuals)	Data is cross-referenced	Performance results are compared to previous years	System reports and results are consistent regardless of when they are generated or who generates them	Employees are trained to manipulate data	No 3rd party data is used or 3rd party data is provided in a compulsory fashion	Data is prepared at least once per year	Management Reviews results at least once per year	No new data system(s) used in 2009–10	# Data Quality Checks Met
Extent to which the CFIA's data indicates that foreign regulated animal diseases have entered Canada via specified regulated pathways	√	X	√	X	X	X	√	√	√	5
Extent to which the CFIA's data indicates the spread of foreign regulated animal diseases that entered into Canada this fiscal year	√	√	X	√	X	√	√	√	√	7
Extent to which renderers and feed mills inspected are without any major deviations with respect to the *Feeds Regulations* and the *Health of Animals Regulations*										
Renderers	Not Reported in 2009–2010									
Feed Mills	Not Reported in 2009–2010									
Extent to which CFIA data indicates the entry and establishment of new and foreign regulated plant diseases and pests into Canada (listed diseases/pests in the Regulated Pest List for Canada)	√	X	X	√	X	X	√	√	√	5
Extent of change in the presence of regulated plant diseases or pests beyond the regulated areas	√	X	X	√	X	X	√	√	√	5
Extent to which Plant Health risks identified by the CFIA (within and outside Canada) are communicated to the affected stakeholders	Not Reported in 2009–2010									

Indicator Title	Source Documents available (Guides, Procedures, manuals)	Data is cross-referenced	Performance results are compared to previous years	System reports and results are consistent regardless of when they are generated or who generates them	Employees are trained to manipulate data	No 3rd-party data is used or 3rd-party data is provided in a compulsory fashion	Data is prepared at least once per year	Management Reviews results at least once per year	No new data system(s) used in 2009–10	# Data Quality Checks Met
Percentage of inspections of novel products that demonstrate compliance with the requirements and standards outlined in the respective authorizations for experimental purposes										
Plants with Novel Traits	√	X	√	√	√	√	√	√	√	8
Novel Fertilizers	√	X	√	√	√	√	√	√	√	8
Feed	No Inspections Performed									
Veterinary Biologics	√	X	X	X	√	√	√	√	√	6
Percentage of regulatory initiatives that meet publication requirements for publication in either *Canada Gazette*, Part I or Part II	√	√	√	X	√	√	X	√	√	7
Extent to which the net quantity, composition, labelling and advertising of non-registered food products inspected is accurate	√	X	√	√	√	√	√	√	√	8
Extent to which certified food, animal and plant shipments meet the receiving country's import requirements										
Food – Meat	√	X	√	X	X	X	√	√	√	5
Food – Fish and Seafood	√	√	√	√	√	X	√	√	√	8
Food – Processed Egg	√	√	√	√	√	X	√	√	√	8
Animal	No Data Available									
Plant	√	X	√	√	√	X	√	√	√	7

2.1.3 Auditor General's Assessment of Performance Information

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR GENERAL'S ASSESSMENT
of Performance Information in the Canadian Food Inspection Agency's
2009–10 Performance Report

To the President of the Canadian Food Inspection Agency
and the Minister of Agriculture and Agri-Food

What I Assessed

As required by the *Canadian Food Inspection Agency Act*, I have assessed the fairness and reliability of the Agency's performance information for 2009–10 with respect to the objectives established in its corporate business plan.

Management's Responsibility

The performance information reported in the Agency's performance report is the responsibility of management.

My Responsibility

My responsibility is to assess the fairness and reliability of the performance information included in the Agency's performance report against the objectives established in its corporate business plan.

My assessment covered only the specific performance information included in the section of its performance report titled "Analysis of Program Activities by Strategic Outcomes." My assessment did not include the objectives set out in the corporate business plan or information referenced by web links included in the report. My responsibility does not extend to assessing or commenting on the Agency's actual performance.

The Nature of My Assessment

My assessment consisted of a review performed in accordance with the standards for assurance engagements established by the Canadian Institute of Chartered Accountants. The assessment consisted primarily of enquiry, analytical procedures, and discussion related to the performance information. I conducted this assessment using the criteria for the assessment of fairness and reliability described in the Annex.

An assessment based on a review provides a moderate level of assurance and does not constitute an audit. Consequently, I do not express an audit opinion on the Agency's performance information.

Conclusion

Based on my assessment, nothing has come to my attention that causes me to believe that the Agency's performance information for 2009–10, with respect to the objectives established in its corporate business plan, is not, in all significant respects, fair and reliable using the criteria described in the Annex to this report.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
1 September 2010

Annex

CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY

OFFICE OF THE AUDITOR GENERAL

The following criteria were developed to assess the fairness and reliability of the information about the Agency's performance with respect to the objectives in its corporate business plan. Two key issues were addressed: Has the Agency reported on its performance with respect to its objectives? Is that information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

FAIRNESS

RELEVANT	The performance information reports in context, tangible, and important accomplishments against objectives and costs.
MEANINGFUL	The performance information clearly describes expectations and provides benchmarks against which performance is compared.
ATTRIBUTABLE	The performance information demonstrates why the program has made a difference.
BALANCED	A representative and clear picture of performance is presented, which does not mislead the reader.

RELIABILITY

RELIABLE	The performance information adequately reflects the facts.

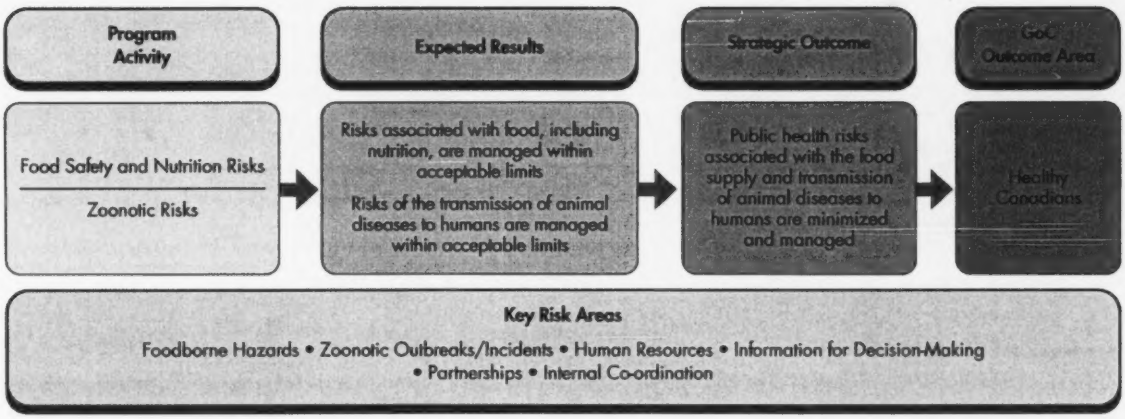
These criteria were developed specifically for the assessment. The Canadian Food Inspection Agency has acknowledged that they were suitable for the assessment.

More information on the criteria is available on our website at

http://www.oag-bvg.gc.ca/internet/English/meth_gde_e_10217.html

2.2 Performance by Strategic Outcome

2.2.1 Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed

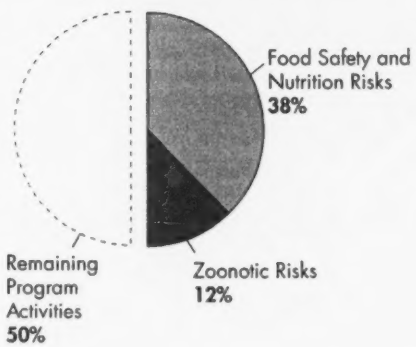

Program Activity
Expected Results
Strategic Outcome
GoC Outcome Area
Food Safety and Nutrition Risks
Zoonotic Risks
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed
Healthy Canadians
Key Risk Areas
Foodborne Hazards • Zoonotic Outbreaks/Incidents • Human Resources • Information for Decision-Making • Partnerships • Internal Co-ordination

As a contributor to the GoC's integrated approach to population health, the CFIA, in collaboration with federal partners and provincial, territorial and municipal governments, protects Canadians from preventable foodborne health risks and risks associated with animal diseases potentially transmissible to humans. In carrying out activities toward the achievement of this strategic outcome, the CFIA focused its efforts on the following two priorities:

- Improving inspection and surveillance approaches
- Modernizing the Agency's regulatory framework and tools

While work under the program activities Food Safety and Nutrition Risks and Zoonotic Risks is primarily aimed at addressing the Foodborne Hazards and Zoonotic Outbreaks/Incidents risk areas[9], it also benefits the other key risk areas noted above.

Percentage of 2009–10 Actual Spending: Strategic Outcome 1



[9] Risk areas have been derived from the CFIA's Corporate Risk Profile (CRP). For more information on the CRP and its risk areas, please refer to Section 1.5.

Food Safety and Nutrition Risks

Benefits for Canadians

The safety of the Canadian food supply is critical to the overall health and well-being of Canadians. The CFIA, in collaboration with federal, provincial, territorial, and municipal partners and organizations works to protect the overall health of Canadians by minimizing and managing food safety and nutrition risks.

Performance Summary

The following table identifies the CFIA's expected results, performance indicators and targets for the Food Safety and Nutrition Risks program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-2: Summary of Performance: Food Safety and Nutrition Risks

Program Activity: Food Safety and Nutrition Risks					
Expected Result: Risks associated with food, including nutrition, are managed within acceptable limits					
2009–10 Financial Resources ($ millions)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
245.5	276.5	270.5	2,795	2,838	(43)
Variance Analysis					
The Variance between Planned Spending and Total Authorities is mainly due to new funding for the Government of Canada Response to Listeriosis, the CEAP and the Growing Forward Program Suite. The variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 2,831 compared to Actual FTEs of 2,838, resulting in a difference of 7.					
Performance Indicators*	**Targets**	**Performance Status**			
Extent to which inspected federally registered establishments comply with federal food safety requirements	≥98% compliance	Meat	96%	Not Met	
		Fish and Seafood[10]	99%	Met	
		Processed Products	99%	Met	
		Dairy	100%	Met	
		Shell Egg	99%	Met	

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[10] In 2009–10 the Fish and Seafood sub-indicator calculation was changed to harmonize with other sub-indicators by calculating compliance by the number of establishments versus the number of inspections.

Performance Analysis:

Meat

In 2008–09, a more rigorous inspection regime was implemented which included a new Compliance Verification System (CVS), new enforcement procedures for meat and poultry establishments, and stronger food safety control measures in ready-to-eat meat plants. In 2009–10, CFIA continued to align its inspection activities with the new regime and adjust to the new system and processes. Although, the Agency did not meet its performance target in 2009–10, Meat establishment compliance has improved because the establishments are more familiar with the Compliance Verification System.

Emphasis has also been placed on resolving problems before they occur resulting in enhanced communication and engagement with the meat industry. This includes guidance for both inspectors and operators of federally registered meat and poultry establishments which should also help the industry to improve compliance in subsequent years.

Compliance Approaches and Methods

A monitoring approach[11] is used to assess compliance for all commodities under this indicator. Compliance results are determined at either the initial inspection or audit or during the first follow-up visit.

Three-year Trend Analysis:

Meat (2007–08, 99%; 2008–09, 95%)

Following the implementation of CVS, the CFIA observed that Industry compliance with regulations decreased from 2007–08 to 2008–09. From fiscal year 2008–09 to fiscal year 2009–10, the Agency reported an increase of 1% (95% to 96%). It is expected that industry compliance with regulations will continue to increase each year as operators of federally registered meat and poultry establishments become more familiar with the CVS.

Fish and Seafood

A three year trends analysis is not valid as the calculation changed for this sub-indicator in 2009–10.

Dairy and Shell Egg

For the past three years, Dairy, and Shell Egg met their target. CFIA inspectors have built relationships with industry and worked to instill a comprehensive understanding of inspection requirements.

Processed Products

In 2008–09, revisions to the Establishment Inspection Manual were completed; as a result, Processed Products has improved compliance due to a better understanding of the new guidelines. Continued co-operation from and collaboration with industry are also responsible for helping the CFIA meet its target.

Performance Indicators*	Targets	Performance Status		
Extent to which domestic and imported food products comply with federal chemical residue requirements	≥95% compliance	Meat	96%	Met
		Fish and Seafood[12]	95%	Met
		Fresh Fruit and Vegetables	97%	Met
		Processed Products	99%	Met
		Honey	61%	Not Met
		Shell Egg	97%	Met
		Dairy	96%	Met

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[11] Monitoring approach: Establishments are inspected, sampled and tested in such a way that the resulting compliance rates are representative of the CFIA-regulated population. Monitoring programs provide an adequate overview of industry compliance in general.

[12] In 2009–10 the Fish and Seafood sub-indicator calculation was changed to harmonize with other sub-indicators by adding import inspection data to the compliance calculation. Reports also include data that is processed manually or using stand alone tools.

Performance Analysis:

All areas were successful in meeting their target, except for honey.

Honey

The compliance rate for honey was low because of two bee calming agents used by industry to calm bees when honey is being extracted from hives. The calming agent is not currently regulated as part of the *Food and Drugs Regulations*, which means that a maximum allowable residue limit (MRL) has not yet been prescribed. Currently, an aggressive limit of 0.1 parts/million has been set as the default which lowers compliance rates. Efforts are underway by Health Canada to establish a maximum limit for the residue level.

Compliance Approaches and Methods

Fish and Seafood

A monitoring[13], targeted[14] and investigative[15] approach is used to assess compliance in the Fish and Seafood sector. Compliance results are assessed during the initial testing phase of food and product samples.

Meat, Fresh Fruit and Vegetables, Processed Products, Honey, Shell Egg and Dairy

All other sub-indicators are monitored for compliance during the initial testing phase of food and product samples.

Three-year Trend Analysis:

For the past three years the Meat, Fresh Fruit and Vegetables, Process Products, Shell Egg and Dairy sub- indicators have met their targets. This level of performance can be attributed to the responsible use of agricultural chemicals by food producers. There is a high degree of both compliance and understanding among industry members with respect to maximum residue limits (MRL) for veterinary drugs and pesticides within Canada. Should a violation occur, the CFIA has the appropriate mechanisms in place for follow-up (investigation, directed sampling, etc).

Fish and Seafood

A three year trends analysis is not valid as the calculation changed for this sub-indicator in 2009–10.

Honey (2007–08, 84%; 2008–09, 76%)

The compliance rate of the Honey sub-indicator has decreased to 61% and has been decreasing since 2006–07 due to changes in the assessment criteria for the two bee calming agents. In 2007–08 and in 2008–09 the assessment criteria was changed to a more stringent set of requirements which resulted in a significant drop in compliance for testing of these two agents. The overall number of tests for these agents also increased in 2009–10, increasing the likelihood of detecting cases of non-compliance. Additionally, from a human health perspective, the levels of these compounds observed in honey commodities are not of concern as a food additive.

Performance Indicators*	Targets	Performance Status	
Time taken to issue public warnings for Class I recalls	100% of public warnings for Class I recalls are issued within 24 hours of a recall decision	100%	Met

Performance Analysis:

In 2009–10, the CFIA effectively managed the issuance of 68 public warnings for Class I recalls for risks associated with food.

Three-year Trend Analysis:

The performance target of 24 hours has been missed only once in the last three years. This level of performance is largely due to the cooperation between CFIA food safety recall specialists, inspectors, recall coordinators, technical specialists, communications advisors and assessors at Health Canada.

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[13] Monitoring approach: products are inspected, sampled and tested in such a way that the resulting compliance rates are representative of the CFIA-regulated population. Monitoring programs provide an adequate overview of compliance in the industry in general.

[14] Targeted approach: In cases where monitoring has identified specific compliance problems, the CFIA takes a targeted approach to inspections, sampling and testing by focusing on the problem area and areas of highest risk. Non-compliant establishments or products are often sought out for the targeted approach to better define problem areas and reasons for non-compliance. For this reason, compliance rates of targeted programs are typically lower. Improved compliance is promoted through enforcement actions.

[15] Investigative approach: Compliance is assessed for the purposes of prosecution for non-compliance. Investigations involve gathering evidence and information from a variety of sources considered relevant to a suspected violation or offence.

Performance Indicators*	Targets	Performance Status	
Extent to which nutrition information on non-registered food products inspected is accurate.[16]	≥80% of food products inspected declare nutrition information, which is accurate.	80%	Met
Performance Analysis: The sampling of products for nutrition information accuracy is targeted to nutrition risks, high-risk food sectors and operators with a history of non-compliance. The 2009–10 sample plans provided inspectors and analysts with adequate procedures and guidelines for assessing products of non-registered establishments. **Three-year Trend Analysis: (2008–09, 85%)** The result is slightly lower than last year. This variability may be linked to the fact that sampled food sectors vary from year to year. 2008–09 was the first year the CFIA reported on this indicator; for the past two years, the target has been met.			
Additional Information: Food safety portal: www.foodsafety.gc.ca Moving Forward on Food Safety Action on *Listeria*: www.inspection.gc.ca/english/fssa/movava/movavae.shtml CFIA Consumer Centre: www.inspection.gc.ca/english/fssa/concen/concene.shtml Food Recalls and Allergy Alerts: www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml FCSAP: http://www.inspection.gc.ca/english/fssa/concen/concengov/govplane.shtml			

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

In addition to the detailed performance results found in Table 2-2, the CFIA also achieved strategic performance results under the Food Safety and Nutrition Risks PA:

Strategic Performance Analysis

In responding to the recommendations in the Report of the Independent Investigator into the 2008 Listeriosis Outbreak, the CFIA has implemented changes to food safety programs and directives that are designed to improve and strengthen existing processes and procedures. The CFIA was the lead in addressing 25 of a total of 57 recommendations. As identified in the March "Progress on Food Safety" report[17], the Government has made progress on all of the recommendations contained in the report of the Independent Investigator. The following are examples of progress made by the CFIA with respect to the 25 recommendations for which it is the lead Agency:

- Implemented revised *Listeria* directives that require meat processors to bring all *Listeria*-positive results to the attention of CFIA inspectors. Requirements from the directives, as well as additional improvements, were included in an updated version of the Meat Hygiene Manual of Procedures.
- Expanded its capacity to conduct enhanced *Listeria* surveillance and testing pursuant to sampling plans implemented in April 2009. To address the increased volume of samples, all CFIA food microbiology laboratories were made available to receive samples and perform tests seven days per week.
- Met with consumers and consumer association representatives across Canada to share information on topics such as the CFIA's role in food recalls, food labelling and food safety investigations. Results from these meetings helped the CFIA to strengthen outreach—such as the launch of the GoC Food Safety Portal and the redesign of the Agency's Consumer Centre website—and to inform policies relating to food safety.

[16] Wording of this indicator changed in 2009–10 to reflect that the indicator only measures non-federally registered food products.

[17] For more information visit: http://www.inspection.gc.ca/english/fssa/proge.shtml

ENHANCING CFIA'S FOOD SAFETY CAPACITY

35 new meat processing inspectors in federally-registered ready-to-eat meat plants were hired between November 1, 2009 and March 31, 2010. The 35 new inspectors are focussing on specific issues related to Listeria and other food pathogens at ready-to-eat meat establishments. These additional inspectors will result in an increase in the number of trained ready-to-eat meat inspection staff and it is expected that they will improve the management of risks associated with Listeria in ready-to-eat meats produced in federally registered establishments.*† The CFIA also developed capacity, through its Pulse-Field Gel Electrophoresis Centre, to routinely test food samples and to report virtually immediately to the provincial and federal PulseNet Canada members when its laboratories isolate foodborne bacterial pathogens. This new capacity has greatly improved Canada's ability to detect contaminated food products and identify laboratory linkages to human diseases related to consumption of these products.

* Please refer to the Inspection.gc.ca website for more information: www.inspection.gc.ca/english/fssa/proge.shtml

† Please refer to Section 1.4.1.3 for more information on CFIA staffing trends

- Worked with Health Canada on a number of food safety publications and multimedia products.
- Provided additional information on Class II and III food recalls on the CFIA's website to raise consumer awareness of the potential risks to the food supply.

The CFIA is committed to continually strengthening its programs to maintain Canadians' high level of confidence in Canada's food safety system. In 2009–10, the CFIA achieved the following:

- Implemented the CVS in the Feed Program and continued the improvement of the CVS for the Meat Program. The CVS will help improve regulated parties' compliance with regulations and enhance food safety oversight. Furthermore, the CFIA continued to study the feasibility of implementing the CVS throughout its commodity inspection programs.

Within the context of the Food and Consumer Safety Action Plan (FCSAP), the CFIA is advancing initiatives that support the following: active prevention to better identify food safety risks, targeted oversight to enhance inspection of high-risk food sectors, and rapid response to problems when they occur (i.e. enhanced food recall capacity and improved tools to alert Canadians to food-related hazards). For example, in 2009–10, the CFIA achieved the following:

- Signed an important arrangement with the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) as part of Year Two of the FCSAP. This arrangement establishes a Canada–China Food Safety Working Group, whose main objective is a mutual understanding of our structures, programs and operating mechanisms to facilitate exploration of approaches for the rapid exchange of information on food safety issues and the handling of food safety emergencies.
- Continued to enhance its relationship with the U.S. Food and Drug Administration (U.S. FDA) by discussing options for information-sharing regarding mutual food safety challenges, and by identifying areas for collaboration.
- Enhanced the delivery of inspections by targeting "high-risk" products such as seasonings, flavourings, pastes and sauces (e.g. chili paste, curry powder mix) for undeclared allergens (soy, gluten, milk, etc.) or snack foods, as well as flavoured beverages for undeclared allergens (peanut, milk, tree nuts).

- Worked with domestic government partners to increase capacity to identify and mitigate food safety risks through such activities as developing and implementing a risk mapping model. The CFIA also focused on the development of policy and associated programs to enhance food safety oversight, and increased awareness and understanding of consumers and industry stakeholders regarding their role in food safety through the use of communications tools and a number of outreach initiatives. These outreach initiatives included industry and consumer conferences, information sessions and workshops.

Lessons Learned

Due to the developmental nature of the work that was underway in the first year of the Food Safety Action Plan (FSAP), the monitoring and reporting elements were found to be challenging.

To address this, during the past year, the CFIA developed a series of documents to well-define and wholly articulate all areas of activity. These documents provided a solid basis for improved project management, monitoring and reporting for the remaining three years of the FSAP.

Zoonotic Risks

Benefits for Canadians

Managing and mitigating the spread of zoonotic diseases from animals to humans is important because it minimizes the danger to the health and well-being of Canadians. This involves work with federal, provincial and territorial partners and non-government stakeholders.

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Zoonotic Risks program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-3: Summary of Performance: Zoonotic Risks

Program Activity: Zoonotic Risks					
Expected Result: Risks of the transmission of animal diseases to humans are managed within acceptable limits[18]					
2009–10 Financial Resources ($ millions)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
75.3	91.2	83.3	679	539	140

Variance Analysis

The Variance between Planned Spending and Total Authorities is mainly due to new funding for the H1N1 Preparedness and Response and the CEAP, as well as funding received for the continuance of the BSE initiative. The Variance between Total Authorities and Actual Spending relates to lapsing funds in both BSE and Avian Influenza. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 298 compared to Actual FTEs of 539, resulting in a difference of 241. This variance can be explained by the FTEs received during the fiscal year for the continuance of BSE.

Performance Indicators*	Targets	Performance Status
Number of incidents of avian influenza that expand beyond the initial control zone[19]	No expansion of the disease beyond the initial control zone	Met

Performance Analysis:

As there were no incidents of avian influenza reported, none expanded beyond the initial control zone.

Three-year Trend Analysis:

As 2008–09 was the CFIA's first year reporting on this indicator, a three year trend is not possible.

Additional Information:

Avian Influenza programming: http://www.inspection.gc.ca/english/anima/heasan/disemala/avflu/avflue.shtml

Animal diseases: http://www.inspection.gc.ca/english/anima/disemala/disemalae.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

In addition to the detailed performance results found in Table 2-3, the CFIA also achieved strategic performance results under the Zoonotic Risks PA:

Strategic Performance Analysis:

The CFIA continued to enhance systems to manage and mitigate the spread of existing federally controlled zoonotic diseases. In 2009–10, the CFIA did the following:

- Continued to protect cows from BSE and ensuring Canadian's food is safe by verifying industry's removal of specified risk material (SRM) from the human food and animal feed chains. Removal of SRM is recognized as the single most effective measure for controlling BSE.

[18] The expected result was changed from "Risks of the transmission of federally controlled zoonotic diseases to humans are successfully managed" to simplify the wording and clarify the desired outcome.

[19] In the 2009–10 RPP, the indicator was changed to "Number of Canadians who become infected with federally controlled zoonotic diseases by direct contact with animals or their products." Because this falls outside the CFIA's jurisdiction, the Agency reverted back to the wording used for the 2008–09 DPR — "Number of incidents of avian influenza that expand beyond the initial control zone" .

PROTECTING CANADIANS FROM BSE

The CFIA continued to monitor the level of BSE and the effectiveness of measures taken to control it in the domestic cattle population. Of 34,618 samples tested in 2009, 1 was confirmed positive for BSE. No part of this confirmed BSE animal entered the human food supply or animal feed systems.

- Helped prevent animal infections by working to detect poultry flocks infected with notifiable avian influenza before the disease could be spread to other flocks. This was achieved by educating industry through the CFIA's biosecurity programs and ongoing surveillance. In addition, the CFIA conducted field exercises within the Agency and with partners in provinces and industry; continued training in foreign animal disease recognition; and reviewed containment strategies such as vaccination.
- Enhanced communications on reportable disease detections in farmed animals. All confirmed cases of any of the reportable diseases are now reported monthly or quarterly on the CFIA's website, at which time email notification is sent to subscribers. This centralized format provides additional disease background more readily for stakeholders and partners.
- Collaborated with the Canadian Animal Health Surveillance Network (CAHSN) National BSE Surveillance Program achieving a web-based, central repository for merged provincial BSE test data that is accessible for analysis and reporting to the World Organisation for Animal Health (OIE).

The CFIA is a key player in a number of international zoonotic disease fora and is actively called upon to manage Canadian portions of international zoonotic disease outbreaks. A number of key partnerships have been formed, and plans have been proactively developed to respond to zoonotic diseases and protect public health, such as the following:

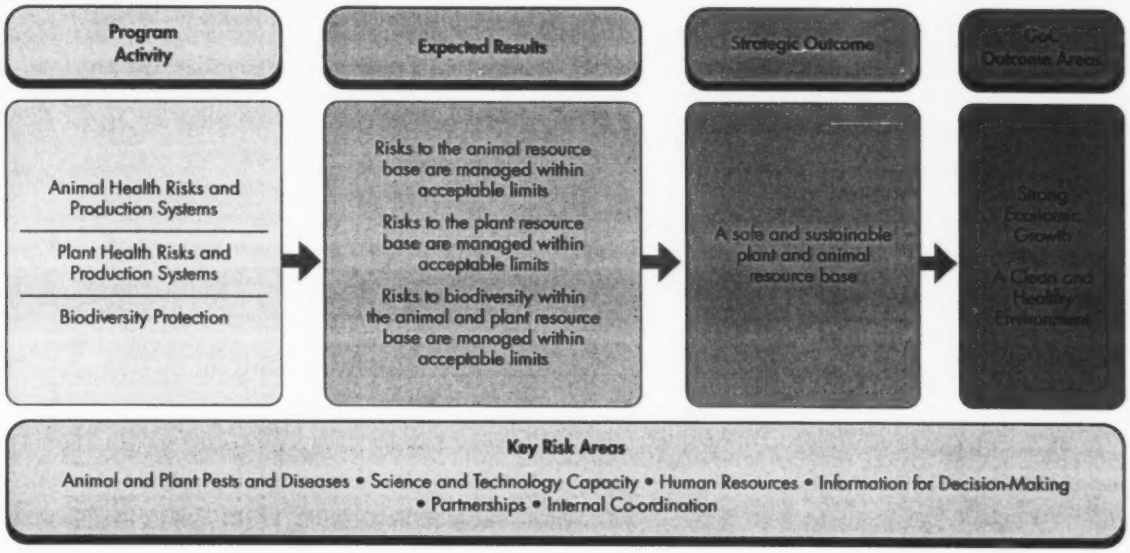
- In collaboration with the Public Health Agency of Canada (PHAC), the CFIA developed a test to confirm, within a very short timeline, the presence and characteristics of the H1N1 virus in animals. This test was then shared with other animal disease diagnostic laboratories in Canada and around the world.
- To ensure that the CFIA would be able to respond effectively to an H1N1 outbreak in animals, the Agency purchased over $100,000 of personal protective equipment for front-line staff. Additionally, the CFIA developed a national policy entitled "Policy to Manage Pandemic H1N1/2009 in Animal Populations" to improve the management of infected livestock and poultry.
- The CFIA continued to work with federal, provincial and territorial partners, and other national and international organizations such as the OIE to share scientific knowledge, establish collaborative approaches to common challenges and share best practices as they pertain to zoonotic disease preparedness, disease mitigation and control.

Lessons Learned

The existing disease response system had deficiencies in defining roles and responsibilities between levels of government (federal and provincial) and between departments responsible for human and animal health at the federal level.

To address this, the CFIA demonstrated leadership when a herd of swine in Alberta became ill with an influenza virus strain (H1N1) that appeared to have passed from humans to the pigs. Along with other levels of government, the CFIA developed clearer protocols to provide greater public protection in the event of other emerging zoonotic events.

2.2.2 Strategic Outcome 2: A safe and sustainable plant and animal resource base

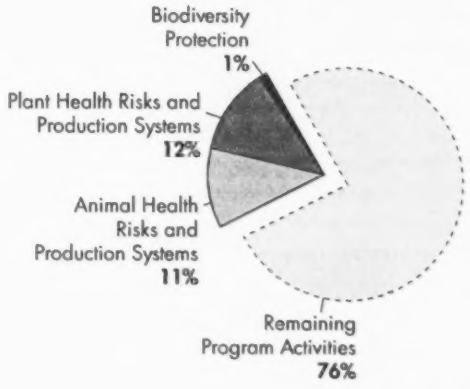

Program Activity
Expected Results
Strategic Outcome
GOC Outcome Areas
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Key Risk Areas
Animal and Plant Pests and Diseases • Science and Technology Capacity • Human Resources • Information for Decision-Making • Partnerships • Internal Co-ordination

The CFIA's programming is aimed at protecting Canada's crops, forests, livestock, aquatic species and wildlife from regulated pests and diseases; preventing the introduction of contaminants into human food or the environment through animal and plant production systems; and assessing the environmental sustainability and impact on biodiversity of new products derived through enabling technologies such as biotechnology. In carrying out activities toward the achievement of this strategic outcome, the CFIA focused its efforts on the following priorities:

- Enhancing compliance and enforcement activities; and
- Modernizing the Agency's regulatory framework.

While work under such program activities as Animal Health Risks and Production Systems, Plant Health Risks and Production Systems, and Biodiversity Protection, is primarily aimed at addressing the Animal and Plant Pest and Disease risk areas, it also benefits the other key risk areas noted above.

Percentage of 2009–10 Actual Spending: Strategic Outcome 2



Animal Health Risks and Production Systems

Benefits for Canadians

The Canadian agriculture and agri-food industry depends on a safe and sustainable animal resource base. In support of this, the CFIA works to protect the animal resource base—through the regulation of terrestrial and aquatic diseases and feed—from risks that could impact the food supply, economy, environmental sustainability and well-being of Canadians.

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Animal Health Risks and Production Systems program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-4: Summary of Performance: Animal Health Risks and Production Systems

Program Activity: Animal Health Risks and Production Systems					
Expected Result: Risks to the animal resource base are managed within acceptable limits					
2009–10 Financial Resources ($ millions)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
56.7	84.1	80.1	652	725	(73)

Variance Analysis

The Variance between Planned Spending and Total Authorities is mainly due to funding received for the Growing Forward Program Suite and for additional statutory compensation. The Variance between Total Authorities and Actual Spending relates to lapsing funds in some of the CFIA's initiatives, as well as internal reallocations. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 792 compared to Actual FTEs of 725, resulting in a difference of 67. This variance relates to lapsing funds in some of the Agency's initiatives.

Performance Indicators*	Targets	Performance Status
Extent to which the CFIA's data indicates that foreign regulated animal diseases have entered Canada via specified regulated pathways	No evidence (i.e. confirmed by the CFIA's data) that foreign regulated animal diseases have entered into Canada through specified regulated pathways	Met

Performance Analysis:

No foreign regulated animal diseases have entered Canada via specified regulated pathways in 2009–10. The CFIA administers risk management processes designed to prevent the entrance of foreign regulated animal diseases into Canada via regulated pathways; this includes surveillance initiatives and partnerships with other government departments at the provincial, territorial and federal levels.

Three-year Trend Analysis:

For the past three years, the CFIA has met its target for this performance indicator.

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

Performance Indicators*	Targets	Performance Status
Extent to which the CFIA's data indicates the spread of foreign regulated animal diseases that entered into Canada this fiscal year[20].	No evidence, as confirmed by the CFIA's data of spread of foreign regulated animal diseases beyond the initial control zone.	Met

Performance Analysis:

No foreign regulated animal diseases have entered Canada via specified regulated pathways, and therefore none have spread.

Three-year Trend Analysis:

For the past two years, the CFIA has met its target; 2008–09 was the first year reporting.

Performance Indicators*	Targets	Performance Status		
Extent to which renderers and feed mills inspected are without any major deviations with respect to the *Feeds Regulations* and the *Health of Animals Regulations* (enhanced feed ban)[21]	≥95% compliance	Renderers	Not reporting	Not reporting
		Feed mills	Not reporting	Not reporting

Performance Analysis:

Following the transition to a different database system, data issues have been detected which must be resolved to ensure accurate reporting of program performance. Performance on this indicator will be available later in the year once the issues have been addressed.

Compliance Approaches and Methods:

A monitoring approach is used to assess compliance for both sub-indicators. Compliance results are determined following a correction period of 60 days minimum after the end of the fiscal year.

Three-year Trend Analysis:

As 2009–10 performance for these sub-indicators will not be reported this year, trends analysis is not available at this time.

Additional Information:

Animal Health Programs: www.inspection.gc.ca/english/anima/animae.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[20] This indicator reflects only foreign animal diseases. The CFIA also conducts a wide variety of activities with regard to animal diseases already established in Canada. Performance measures to illustrate performance in this regard will be developed and reported on in future years.

[21] Major deviations with respect to the enhanced feed ban could include evidence of cross-contamination of ruminant feed with prohibited material, the unavailability of written procedures and required records, and labeling violations. Major deviations with respect to the *Feeds Regulations* could include evidence of cross-contamination with medications, the unavailability of required records and labeling violations.

In addition to the detailed performance results found in Table 2-4, the CFIA also achieved strategic performance results under the Animal Health Risks and Production Systems:

Strategic Performance Analysis

The CFIA continues to respond to emergencies and domestic animal disease outbreaks while maintaining a collaborative approach with stakeholders. More specifically, the CFIA undertook the following:

- Launched an animal health awareness campaign that helped increase awareness and the adoption of core biosecurity principles on farms across Canada. The campaign included a national advertising campaign, training video and handbook, and face-to-face interaction at fairs, conferences and meetings with producers across Canada. Two-thirds of producers surveyed recall having seen, read or heard advertising about animal health or biosecurity over the past few months.
- Released the national *Avian On-Farm Biosecurity Standard*, designed to minimize the introduction and spread of diseases and pests that has since been incorporated into Chicken Farmers of Canada's on-farm safety program. The Standard was developed through extensive consultation with agri-commodity stakeholders, academia, and provincial and federal partners.
- The CFIA continued to address action items identified in the Foot and Mouth (FMD) Preparedness Risk Based Action Plan in order to enhance Agency preparedness and response capabilities. Activities included industry biosecurity guideline development for susceptible livestock species, progress on the CFIA–U.S. Department of Agriculture (USDA) project on regionalization in the event of foreign animal disease, and elaboration of animal disposal procedures to include all hazards/species and transportation of infected animal material.
- Further implemented the National Aquatic Animal Health Program in 2009–10, which led to proposed regulatory changes to ensure that Canada maintains its exports by having an internationally recognized aquatic animal health program that meets international standards. These changes will increase consumer and aquatic resources (both wild and farmed) protection, and will enhance market access for aquaculture and wild aquatic commodities.
- Completed foresight exercises as part of the Foresight for Canadian Animal Health (Fore-CAN) project, led by the CFIA with partners in PHAC, AAFC, provinces and territories, academia and industry. Foresight is a key element for a better understanding of the challenges and opportunities that science partners will have to face a decade or more into the future.

In 2009–10, the CFIA continued to work with federal, provincial and territorial governments to advance key initiatives under the animal health program.

- For example, the discovery of pandemic H1N1 2009 influenza virus (pH1N1) in a herd of pigs in Alberta at the initial stages of the 2009 pandemic resulted in a collaborative effort involving animal health and public health authorities at the international, national and the federal, provincial and territorial levels to address issues of common concern associated with the pathogenicity of the virus, virus transmission and occupational safety and health. The One World, One Health concept was illustrated by this situation and continues to be applied in federal, provincial and territorial discussions on policy and regulatory approaches for identified and emerging zoonotic diseases.

- Federal, provincial, and territorial governments are committed to move forward on a comprehensive national traceability system for livestock and poultry by 2011, which is critical for managing animal health and food safety issues, as well as expanding market access and driving efficiencies.

To continue to modernize the animal programs, the CFIA updated key elements of the regulatory framework by undertaking the following in 2009–10:

HUMANE TRANSPORTATION AND SLAUGHTER OF ANIMALS IN CANADA

The CFIA has been working in collaboration with partners and stakeholders to develop a proposal aimed at updating regulations relating to humane transportation of animals in Canada. It is expected that the proposed amendments will strengthen the existing regulatory framework respecting the humane treatment of animals during transport and slaughter.

Lessons Learned

Traceability is critical for following animals and food from one point in the supply chain to another. The current federal framework can be strengthened to ensure more consistent reporting of premises identification and movement of information across Canada.

The CFIA is working with provincial, territorial, and industry partners to develop a proposed legislative framework that will strengthen Canada's traceability framework to better equip governments with more detailed information to prepare for, and rapidly respond to, animal health issues in the livestock and poultry sectors.

Plant Health Risks and Production Systems

Benefits for Canadians

The protection of the plant resource base is integral to a safe and accessible food supply and critical to the economy, environmental sustainability and well-being of all Canadians. The CFIA helps to protect Canada's plant resource base from regulated pests and diseases and from deliberate threats, and regulates agricultural and forest products to promote the sustainability of the plant resource base.

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Plant Health Risks and Production Systems program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-5: Summary of Performance: Plant Health Risks and Production Systems

Program Activity: Plant Health Risks and Production Systems					
Expected Result: Risks to the plant resource base are managed within acceptable limits					
2009–10 Financial Resources ($ millions)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
61.3	94.7	89.7	655	735	(80)

Variance Analysis

The Variance between Planned Spending and Total Authorities is mainly due to funding received to assist in the payment of litigation costs; funding received related to the CEAP; and funds received for additional statutory compensation. The Variance between Total Authorities and Actual Spending relates to lapsing funds in some of the Agency's initiatives, as well as internal reallocations. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 735, the same as the Actual FTEs.

Performance Indicators*	Targets	Performance Status
Extent to which CFIA data indicates the entry and establishment of new and foreign regulated plant diseases and pests into Canada (listed diseases/pests in the Regulated Pest List for Canada)[22]	No evidence (i.e. confirmed by CFIA data) of the entry and establishment of new foreign regulated plant diseases and pests into Canada through specified regulated pathways	Met 0 entries of pests currently on the Regulated List for Canada

Performance Analysis:

The Agency continues to demonstrate its ability to quickly respond and investigate the risks posed to Canada's plant resource base; this was achieved by developing strategies for control and eradication (e.g. regulatory tools such as: restrictions on the movement of materials that act as pathways for the transmission of the pest; or treatment or destruction of infested material). The spread of pests and diseases can result from many natural factors including wind and wildlife.

Three-year trend Analysis: (2007-08, 3 entries, 2008–09, no entries)

In the past two fiscal years there has been a decrease of pest entries into Canada due in part to a refinement of the indicator to reflect pests which are currently on the regulated pest list.

Performance Indicators*	Targets	Performance Status
Extent of change in the presence of regulated plant diseases or pests beyond the regulated areas	No evidence of increase in the size of regulated areas for plant diseases/pests attributable to human activity	Not met Four pests spread outside their regulated areas.

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[22] The indicator has been revised from the 2009–2010 RPP to clarify that the CFIA investigates new plant diseases and pests, not just new foreign regulated plant diseases and pests.

Performance Analysis:

The prevention of the spread of plant pests through human activity relies on regulated parties and the general public to be aware of any restrictions on the movement of regulated or high-risk materials from an infested area to a non-infested area.

Of the four pests that spread outside of the regulated area during the 2008–09 fiscal year, only the emerald ash borer and the blueberry maggot spread again in 2009–10. In 2009–10, the pine shoot beetle and the brown spruce longhorn beetle spread outside of their regulated areas.

Three-year Trend Analysis: (2006–07, Some Increase; 2007–08, Increase; 2008–09, Five Pests Spread)

The performance of this indicator has improved over the years due to the CFIA's continued focus on a proactive approach of education and outreach aimed at informing the general public about the significance of plant health in Canada.

Performance Indicators*	Targets	Performance Status
Extent to which Plant Health risks identified by the CFIA (within and outside Canada) are communicated to the affected stakeholders	Following the identification of a plant health risk, appropriate information is communicated with the relevant stakeholders in less than one month	Not Reporting

Performance Analysis:

During 2009–10, the second year of reporting on this indicator, a change to the methodology was required to better measure the CFIA's performance relating to the communication of plant health risks to stakeholders. However, it was determined that the existing data collection approach was unable to support the updated methodology. Consequently, there is insufficient data to accurately report on this indicator for 2009–10. For 2010–11, the third year of reporting on this indicator, the CFIA will be implementing a new data collection system which will allow the CFIA to report on this indicator.

Three-year Trend Analysis:

As this indicator will not be reported for 2009–10, a trends analysis is not available.

Additional information:

Plant Protection Programs: www.inspection.gc.ca/english/plaveg/plavege.shtml

Plant Pests: www.inspection.gc.ca/english/plaveg/pestrava/pestravae.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

In addition to the detailed performance results found in Table 2-5, the CFIA also achieved strategic performance results under the Plant Health Risks and Production Systems PA:

Strategic Performance Analysis

In 2009–10, the CFIA focused on advancing the development of a systemic approach to managing plant pest–related risks.

- As indicated in the CFIA's *2008–2009 Performance Report*, the Office of the Auditor General (OAG) conducted an audit to examine the CFIA's management of risks associated with the import of plants and plant products. In June 2009, the Standing Committee on Public Accounts (PACP) considered the findings of the OAG's 2008 report and the CFIA's management action plan, as well as its progress in addressing the OAG's recommendations, and developed its own set of recommendations. The GoC will implement its integrated detailed and technical action plan (DTAP). This plan, which responds to the PACP's report, is available online on the Parliament of Canada's website.[23] As proposed and described in the DTAP, the CFIA has strengthened internal governance, assessed the flow of import documentation at its import service centres to identify potential solutions to change the current paper-based system, and developed an action plan for modernizing the Plant Health Import Program.

[23] CFIA's detailed action plan can be found at: www2.parl.gc.ca/Content/HOC/Committee/402/PACP/WebDoc/WD4020496/Action_Plans/06-Canadian Food Inspection Agency-e.htm

DID YOU KNOW?

The CFIA eliminated the backlog of submissions for approval and registration of fertilizers and supplements, and implemented service delivery standards for registration-related applications. This will facilitate the introduction of new, safe and high-quality fertilizers and supplements into the marketplace.

- In addition, the CFIA has completed an internal evaluation of its Invasive Alien Species Program in order to determine the effectiveness and success of the Program's design and to propose improvements to its design, governance structure and allocation of resources.[24] The resulting recommendations from the internal evaluation focused on strengthened governance, including Information Management and Information Technology action items, as well as performance management.
- A key recommendation in the Standing Committee on Agriculture and Agri-Food (SCAAF) report on potato cyst nematode (PCN) in Quebec and Alberta was the timely completion of the negotiations to establish *Guidelines on Surveillance and Phytosanitary Actions for PCN*.[25] In June 2009, the CFIA and the USDA signed the revised *Canada and United States Guidelines on Surveillance and Phytosanitary Actions for PCN*.[26] Application of the Guidelines resulted in the deregulation of the majority of previously PCN-quarantined land in Alberta.
- The CFIA recognizes that prevention depends on effective environmental scanning, identification of high-risk pests and pathways, and collaboration between internal and external stakeholders to develop and implement effective risk-mitigation measures for plant commodities. To that end, new phytosanitary measures were put in place to minimize the risk of introduction of two new plant pests—tomato leafminer moth[27] (*Tuta absoluta*) and false codling moth[28] (*Thaumatotibia leucotreta*), both of which can enter Canada via imported greenhouse produce.

Lessons learned

In light of increased scrutiny by the OAG and the PACP, it was recognized that the CFIA needed to address its current use of resources to maintain and enhance its commitment to continually strengthen its regulatory systems. To address this, the Agency has begun a review of all of its program activities toward more efficient use of its resources, such as the development and implementation of a plant strategic action plan that will identify priorities, analyze risks and address future goals, and issues of protecting the plant resource base.

[24] Report on the internal evaluation of Invasive Alien Species can be found at: www.inspection.gc.ca/english/agen/eval/invenv/invenve.shtml

[25] GoC Response to SCAAF Report at Parliamentary can be found at: www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=4096914&Language=E&Mode=1&Parl=40&Ses=2

[26] USA–CANADA Guideline announcement can be found at: www.inspection.gc.ca/english/corpaffr/newcom/2009/20090604be.shtml

[27] Tomato leafminer moth can be found at:
www.inspection.gc.ca/english/plaveg/pestrava/tutabs/20100226inde.shtml
www.inspection.gc.ca/english/plaveg/pestrava/tutabs/tutabse.shtml

[28] False codling moth can be found at:
www.inspection.gc.ca/english/plaveg/hort/20091023inde.shtml
www.inspection.gc.ca/english/plaveg/protect/dir/peptoe.shtml

Biodiversity Protection

Benefits for Canadians

The protection of Canada's biodiversity is critical to the sustainability of the animal and plant resource base, the economy, the environment and the well-being of Canadians. Through targeted programs and services, the CFIA is managing risks and protecting Canada's environment from the spread of invasive alien species, other pests, novel agricultural products and emerging technologies.[29]

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Biodiversity Protection program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-6: Summary of Performance: Biodiversity Protection

Program Activity: Biodiversity Protection[30]					
Expected Result: Risks to biodiversity within the animal and plant resource base are managed within acceptable limits.					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
11.1	11.3	9.5	113	99	14
Variance Analysis					
The Variance between Total Authorities and Actual Spending relates to lapsing funds in some of the Agency's initiatives as well as internal reallocations. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 99 FTEs, the same as the Actual FTEs.					

[29] The performance indicator measuring the CFIA's management of invasive species and other pests is listed under the Plant Health Risks and Production Systems program activity.

[30] The expected result "Potential new invasive plants and plant pests have been identified and their entry by known pathways is regulated" was removed because the same performance measurement is captured under the Plant Health Risk and Production Systems.

Performance Indicators*	Targets[31]	Performance Status		
Percentage of inspections of novel products that demonstrate compliance with the requirements and standards outlined in the respective authorizations for experimental purposes[32]	Plants with Novel Traits: 90% Novel Fertilizer: 95% Novel Feed: 80% Veterinary Biologics: 80% Additional information[33]	Plants with Novel Traits	95%	Met
		Novel Fertilizer	95%	Met
		Novel Feed	Not Applicable 0 inspections	
		Veterinary Biologics	100%	Met

Performance Analysis:

Novel Feed:

In 2009–10 no verification inspections were performed on novel feed. Due to the low level of risk associated with the authorized research trials (as determined during the pre-authorization assessments) resources were directed towards other higher-risk compliance verification activities.

Compliance Approaches and Methods:

For the Plants with Novel Traits, Novel Fertilizer and Veterinary Biologics sub-indicators, a monitoring approach is used for assessing compliance, and compliance results are determined during the initial inspection. For the Novel Feed sub-indicator, a directed approach is used for assessing compliance, and compliance results are determined during the initial inspection.

Three-year Trend Analysis:

Plants with Novel Traits

The Plants with novel traits sub-indicator has met its target for the last three years due to applicants' increasing experience with the program requirements and on-going communication with industry.

Novel Fertilizer (2007–08 95%), (2008–09 80%)

The compliance rate for novel fertilizer has improved from the previous year's 80% and exceeded this year's target of 95% due to on-going communication with industry and stressing the importance of containment and safety precautions.

Novel Feed and Veterinary Biologics

As 2009–10 is the first year that the CFIA is reporting on Novel Feed and Veterinary Biologics, trend information is not available.

Additional information:

Invasive Alien Species: www.inspection.gc.ca/english/plaveg/invenv/refe.shtml

Plant Biosafety: www.inspection.gc.ca/english/plaveg/bio/pbobbve.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[31] The performance indicators for this program activity were set in the 2009–10 RPP, but no targets were specified. The targets for the Plants with Novel Traits and Novel Fertilizer sub-indicators have been brought forward from the *2008–09 Performance Report*.

[32] The wording of this indicator changed from the 2009–10 RPP from the following: Extent to which authorized novel products, having undergone an environmental assessment, comply with CFIA requirements and standards outlined in the authorization. This indicator now measures compliance-by-inspection versus compliance-by-products to provide a common measure of performance across plant, feed, fertilizer and veterinary biologics areas.

[33] As performance indicators for this program activity were not set in the 2009–10 RPP, there were also no targets specified. The targets for the Plants with Novel Traits and Novel Fertilizer sub-indicators have been brought forward from the *2008–2009 Performance Report*.

In addition to the detailed performance results found in Table 2-6, the CFIA also achieved strategic performance results under the Biodiversity Protection PA:

Strategic Performance Analysis

Introducing new and innovative products contributes to maintaining the competitiveness of Canada's agricultural sector. However, competitiveness and innovation cannot come at the expense of environmental sustainability. As such, the CFIA considers impacts on the environment and other species (biodiversity) a key component of the regulatory review process that is mandatory for plants with novel traits, novel feeds and novel supplements or veterinary biologics.

- Under the draft Canadian Invasive Plant Framework, the CFIA has developed a draft Invasive Plant Policy, a Least Wanted Invasive Plants pilot project and a streamlined risk assessment tool. Phase III of stakeholder consultation on the draft Framework has been completed and the document is expected to be finalized by December, 2010. Broad stakeholder consultations on both the draft Invasive Plants Policy and the Least Wanted Invasive Plants pilot project will be completed by September 2010, and the implementation of these initiatives will be based on outcomes of the consultations. The risk assessment tool refined under the pilot project initiative would be an effective model to adopt in the future for other plant pests in order to protect the plant resource base.

DID YOU KNOW?

The CFIA launched the Invasive Alien Species web portal to increase Canadians' awareness of the threat of invasive species and to help inform them of the Government of Canada's role in prevention and control.

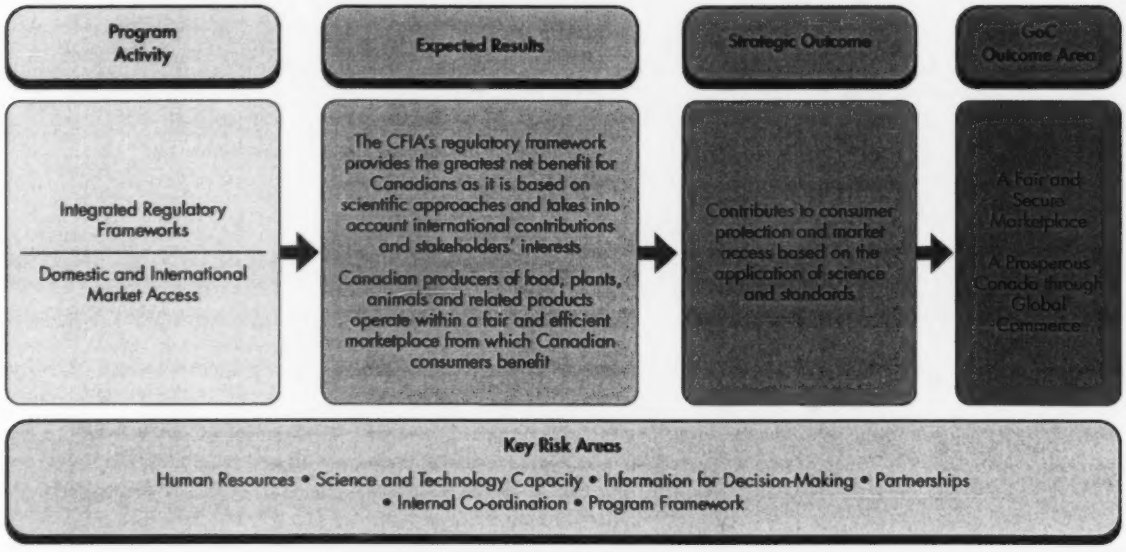
- The CFIA continued delivering its Travellers Biosecurity Awareness campaign, which provides up-to-date information on what can and cannot be brought into Canada. The campaign included advertising, outreach and partnership strategies with a special focus on the 2010 Olympic and Paralympic Games. As well, partnerships with 11 new airlines were established, bringing the total to 22.

Lessons Learned

In the past few years, Canada has seen an increase in reported cases of invasive alien species such as the emerald ash borer. Losses to agriculture and forestry caused by invasive species in Canada have been estimated at $7.5 billion annually. This figure is expected to grow in the next several years. A major contributor to this increase is moving firewood, which creates a primary pathway for spreading invasive species. Moving firewood even a few kilometres away can have devastating effects on our forests by spreading invasive insects and diseases.

As such, the Agency's Don't Move Firewood campaign underscores the importance of informing and involving Canadians in the fight against invasive species. Nearly one-third of Canadians are now aware of this message. Key to the campaign's success has been the Agency's collaborative approach with various levels of government and private industry. Outreach efforts included greater presence at exhibits across Canada (cottage shows and agricultural fairs), increased advertising on roadside billboards and in the Ontario Parks Guide, and improved distribution of brochures at campgrounds.

2.2.3 Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards

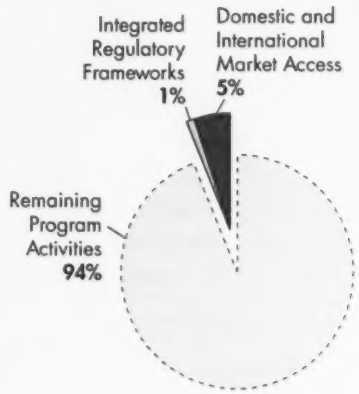

Program Activity
Expected Results
Strategic Outcome
GoC Outcome Area
Integrated Regulatory Frameworks
Domestic and International Market Access
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
Key Risk Areas
Human Resources • Science and Technology Capacity • Information for Decision-Making • Partnerships • Internal Co-ordination • Program Framework

The CFIA's programming contributes to securing the conditions needed for consumer protection (as it relates to food and certain agricultural products) and for a prosperous Canadian agri-food sector that is able to access domestic and global markets. The Agency aims to verify that information provided to Canadian consumers through labels and advertising is truthful and not misleading. The CFIA also works to facilitate continued and new market access for Canadian agriculture, fishery, forestry, and food products by verifying that Canadian products meet domestic regulations and international standards, and by representing Canada's interests in international fora through the provision of technical support and in negotiating technical agreements and standards. In carrying out activities toward the achievement of this strategic outcome, the CFIA focused its efforts on the following priorities:

- Improving inspection and surveillance approaches; and
- Modernizing the Agency's regulatory framework and tools.

Work under the program activities Integrated Regulatory Frameworks and Domestic and International Market Access is primarily aimed at addressing the Program Framework and Partnership risk areas, it also benefits the other key risk areas noted above.

Percentage of 2009–10 Actual Spending: Strategic Outcome 3



Integrated Regulatory Frameworks

Benefits for Canadians

The CFIA contributes to the development, maintenance and effective implementation of strong national and international regulatory frameworks. These frameworks are critical to a safe and sustainable food supply, to an animal and plant resource base for Canadian consumers and food industries, and to prosperous food and agricultural industries.

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Integrated Regulated Frameworks program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-7: Summary of Performance: Integrated Regulatory Frameworks

Program Activity: Integrated Regulatory Frameworks					
Expected Result: The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
14.2	14.2	10.7	207	47	160
Variance Analysis					
The Variance between Total Authorities and Actual Spending relates to lapsing funds in some of the Agency's initiatives and internal reallocations. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 66 compared to Actual FTEs of 47, resulting in a difference of 19. This variance relates to lapsing funds in some of the Agency's initiatives.					
Performance Indicators*		**Targets**		**Performance Status**	
Percentage of regulatory initiatives that meet publication requirements for either the *Canada Gazette*, Part I or Part II[34]		≥95% of regulatory initiatives that meet publication requirements		77%	Not Met

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[34] The wording of this indicator changed from the 2009–10 RPP from the following: The proportion of regulatory initiatives that are prepublished in the *Canada Gazette*, Part I, prior to publication in the *Canada Gazette*, Part II. The methodology was also changed in 2009–10 to support the new wording of this indicator.

Performance Analysis:

During the 2009–10 reporting period, the CFIA planned to publish 18 regulatory proposals in both the *Canada Gazette*, Part I (6 proposals) and Part II (12 proposals). However, the Agency published 14 of the 18, resulting in a completion rate of 77%. For the regulatory proposals that were not completed, delays were related to a number of causes including:

- Comments received from stakeholders during prepublication required further analysis, consideration and subsequent revision, thus delaying its completion; and
- Receipt of new information on international standards and processes during the prepublication period required further study of that information.

Three-year Trend Analysis: (2008–09, 100%)

This is the CFIA's second year reporting on this indicator. In addition to a change in wording, there was also a change in methodology; a comparison from last year is therefore not possible.

Performance Indicators*	Targets	Performance Status	
Extent to which the net quantity, composition, labelling and advertising of non-registered food products inspected is accurate[35].	70% of products, labels, and advertisements inspected are accurately represented.	82%	Met

Performance Analysis:

The program design, inspection and reporting systems for identification and assessment of non-registered food products for net quantity, composition, label and advertising are effective. Inspection strategies will continue to be directed toward high-risk non-registered foods and establishments (importers, manufacturers and retailers with labelling and advertising responsibilities). The results are an indication of our program's capacity to identify areas of non-compliance.

Three-year Trend Analysis: (2008–09, 82%)

2008–09 was the first year the CFIA reported on this indicator; for the past two years, the target has been met.

Additional information:

Paperwork Burden Reduction Initiative official site (Industry Canada): www.reducingpaperburden.gc.ca/epic/site/pbri-iafp.nsf/en/h_sx00001e.html

Fair Labelling Practices: www.inspection.gc.ca/english/fssa/labeti/labetie.shtml

Seeds: www.inspection.gc.ca/english/plaveg/seesem/seeseme.shtml

Fertilizer: www.inspection.gc.ca/english/plaveg/fereng/ferenge.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

[35] The wording of this indicator changed from the 2009–10 RPP from the following: "Extent to which the net quantity, composition, labeling and advertising of food products inspected is accurate" to specify that it applies to only non-registered food products.

In addition to the detailed performance results found in Table 2-7, the CFIA also achieved strategic performance results under the Integrated Regulatory Frameworks PA:

Strategic Performance Analysis

The CFIA worked with stakeholders to address and provide guidance on priority regulatory areas of interest to Canadians, and undertook the following in 2009–10:

- Continued to provide effective and sound compliance and enforcement services through its Enforcement and Investigation Services (EIS). The CFIA continued to provide core national regulatory enforcement training courses to enhance its inspection staff's and EIS investigation specialists' capacity to effectively deliver the Agency's regulatory mandate. The core training consists of foundations of inspection and regulation, note-taking, search warrants and tactical communications.
- Announced amendments to the *Seeds Regulations* in July 2009, following an extensive consultation period with stakeholders. The amendments will create a more flexible variety registration system with reduced regulation, while continuing to maintain the integrity of seed certification and environmental, food and feed safety. This flexible system should stimulate innovation in the seed industry and provide producers with more choice—thereby supporting the long-term growth of the seed sector.

REGULATIONS FOR ORGANIC PRODUCTS

In response to requests by the organic sector and consumers to develop a regulated system for organic agricultural products, the CFIA developed the *Organic Products Regulations*, which came into effect in June 2009. These regulations define specific requirements for organic products to be labelled as organic or that bear the organic agricultural product logo.

The CFIA continued to strengthen its regulatory base to enhance consumer protection in the area of food safety. For instance, the Agency undertook the following:

- Continued work on bilingual labelling, including identification of health and safety criteria for feed product labels, which ensures that manufacturers' conditions are met. These improvements will ensure that consumers are provided with health and safety-related information in both official languages on product labels.
- Continued work for the timely renewal and modernization of its legislative framework. The CFIA continues to develop a strategy to modernize its legislative framework in light of the changing needs of industry to protect the safety of the food supply for Canadians.

Lessons Learned

The food safety environment has evolved dramatically in recent decades with an increasingly global food supply, technological developments, the aging population, and the evolution in consumer demands. Ensuring that the Canadian legislative framework for food safety continues to meet the challenges stemming from this ongoing evolution is critically important. At the same time, the framework needs to be efficient and effective for both industry and government.

To address these issues, CFIA is working with Health Canada to develop a strategy to modernize and simplify its statutes. Once completed, Canadians and industry will be better supported into the future with a framework that will continue Canada's recognition as a leader in safe food.

Domestic and International Market Access

Benefits for Canadians

Maintaining domestic and international market access for Canadian products is critical to the sustainability of the agriculture, fishery, forestry and food industry and the economic prosperity of Canada. To support Canada's economic growth, the CFIA plays an ongoing role in the international arena to maintain and facilitate the opening of new markets to Canadian products by:

- Negotiating import and export conditions in a complex international environment; and
- Demonstrating the integrity of Canada's food, plant and animal regulatory system to Canadians and our trading partners.

Performance Summary

The following table identifies the CFIA's expected result, performance indicators and targets for the Domestic and International Market Access program activity, and reports 2009–10 performance against these expectations. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 3.3.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-8: Summary of Performance: Domestic and International Market Access

Program Activity: Domestic and International Market Access					
Expected Result: Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace, from which Canadian consumers benefit					
2009–10 Financial Resources ($ millions)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
24.6	36.1	32.4	424	521	(97)
Variance Analysis					
The Variance between Planned Spending and Total Authorities is mainly due to funding received for the Pork Industry Recovery and Expansion Strategy and for the Growing Forward Program Suite. The Variance between Total Authorities and Actual Spending relates to lapsing funds in some of the Agency's initiatives and internal reallocations. The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 519 compared to Actual FTEs of 521, resulting in a difference of 2.					

Performance Indicators*	Targets	Performance Status		
Extent to which certified food, animal and plant shipments meet the receiving country's import requirements	≥99% meet requirements	Food—Meat	99%	Met
		Food—Fish and Seafood	99%	Met
		Food—Processed Egg	99%	Met
		Animal	NO DATA AVAILABLE	
		Plant	99%	Met

Performance Analysis:

Animal

In 2009–10, the CFIA has issued 39,488 certificates for the exportation of live animals confirming that the sanitary requirements of an importing country have been complied with. However, there is a lack of information available to track animals once the certificate has been issued. As such, the CFIA has no data available for the animal sub-indicator; however, the CFIA is working on creating a new system that will allow it to collect accurate data on this area.

Three-year Trend Analysis:

For the past three years, the overall success of all the sub-indicators with the exception of the Animal sub indicator, can be attributed to the certification inspection process carried out by CFIA inspectors, as well as the continued co-operation and collaboration from industry that allows us to meet the requirements of other countries.

Animal: (2007–08, No Data Available; 2008–09, No Data Available)

Due to the unavailability of data, a three year trend is not available at this time.

Additional information:

In 2009, the CFIA received 311 applications for plant breeders' rights (PBR), granting rights to 264 plant varieties. The Agency also renewed the protection of 1,556 varieties previously approved for grant of rights. For more information on PBR, please visit: www.inspection.gc.ca/english/plaveg/pbrpov/pbrpove.shtml

Destination Inspection Services: www.inspection.gc.ca/english/fssa/frefra/dis/dise.shtml#serv

Canada Organic Regime: www.inspection.gc.ca/english/fssa/orgbio/stainte.shtml

* For more information on data controls and data limitations regarding CFIA's performance indicators, please see Table 2-1.

In addition to the detailed performance results found in Table 2-8, the CFIA also achieved strategic performance results under the Domestic and International Market Access PA:

Strategic Performance Analysis

The CFIA worked with existing and new trading partners to facilitate market access opportunities and to address unexpected market access issues.

MAINTAINING CANADA'S EXPORTS

The CFIA will continue to support AAFC's Market Access Secretariat, in Government of Canada contributions to reopening or gaining new markets. This ongoing support, in turn, helps to strengthen Canada's economy.

- In 2009, traces of genetically modified flax were found in Canadian flax shipments to the European Union (EU)—leading to trade disruptions for Canadian flax exports, which account for 80% of world exports. In response, the CFIA and its Agriculture and Agri-Food Portfolio partners (Canadian Grain Commission and AAFC) worked with the flax industry, Foreign Affairs and International Trade Canada and international counterparts to secure continued market access to the EU for Canadian flax. In particular, the CFIA contributed scientific expertise and advice to the resultant rapid response management strategy and to the validation of seed testing protocols.

The CFIA continued to work with international organizations to promote and influence the development and implementation of coherent and consistent international standards.

- The CFIA provided technical knowledge for a number of trade negotiations and worked with foreign counterparts on technical agreements to take advantage of expanded market opportunities. To support the CFIA's ongoing trade negotiations, the Agency established a chief technical negotiator.
- Canadian delegations continued to promote the adoption of risk-based Codex international standards. For instance, the CFIA played a significant role in promoting the adoption of MRLs for Melamine in Food and Feed, and of the microbiological criteria for *Listeria monocytogenes* in ready-to-eat foods by contributing scientific knowledge and research results supporting the adoption of these Codex standards.

The CFIA worked toward implementing technical solutions to facilitate compliance with import and export regulatory requirements.

- The CFIA continued advancing its Paper Burden Reduction Initiative. Under this initiative is the E-Certification project, which aims to improve the security of export documentation, minimize fraudulent activities and reduce the time of issuing import/export certificates. In 2009–10, the CFIA launched the implementation of the meat module "Read Import Countries Requirements," which allows meat inspectors direct, online access to the importing country's requirement—thereby removing the burden of hard copy manuals. The CFIA also conducted a review to examine the possibility of consolidating the three existing E-Certification projects (Meat, Plant Health and Terrestrial Animal Health) into one E-Certification initiative. The review considered the business scope, architecture, design and risks. This consolidation moves the CFIA toward better horizontal planning while providing the opportunity to leverage best practices between individual programs, increase consistency, provide better return on future investments, and support the Agency in keeping up with an ever-changing and competitive environment.

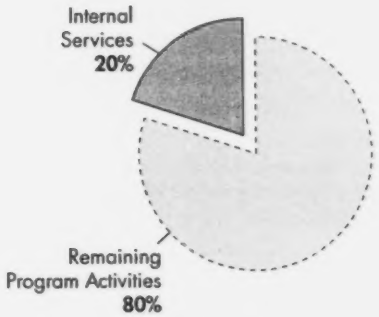
Lessons Learned

A need to improve the security of export documentation, minimize fraudulent activities and reduce the time of issuing import/export certificates was realized by the CFIA. To address this, the Agency has been considering a horizontal approach to the E-Certification suite of products and continues to work toward establishing a secure external service delivery channel using the new GoC Access Key solution. The CFIA is also conducting an architectural review of the internal infrastructure required to support this service. More concise instructions and requirements will allow for more user-friendly access for all business-driven users.

2.2.4 Internal Services

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups include Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, IM/IT Services, Real Property Services, Security Management Services, Environmental Management Services, Materiel Management Services, Procurement Services, and Travel and Other Administrative Services.

Percentage of 2009–10 Actual Spending: Internal Services



Benefits for Canadians

The CFIA delivers projects in a more disciplined manner, thereby contributing to prudent stewardship of financial resources and providing Canadians value for their tax dollar. Internal Services refer to groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

Work under this program activity is aimed at addressing Human Resources, Information Decision Making and Internal Coordination risk areas.

Performance Summary Table 2-9: Summary of Performance: Internal Services[36]

Program Activity: Internal Services					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
108.3	142.5	141.9	832	1,021	(189)
Variance Analysis					
The Variance between Planned Spending and Total Authorities is mainly due to funding received for the Government Response to Listeriosis and the Growing Forward Program Suite, as well as collective bargaining and the 2008–09 carry-forward.[37] The Variance analysis between Planned and Actual FTEs is not provided because the Planned figure does not consider reallocations of FTEs between program activities. If the Planned figure was restated for this, it would be 1,017 compared to Actual FTEs of 1,021, resulting in a difference of 4.					

[36] This is the first year Internal Services is formally reported as a distinct Program Activity, as such performance indicators have not yet been developed. To ensure uniformity, performance measures to be used across the GoC will be provided by TBS.

[37] Internal Services was displayed separately from other program activities for the first time in 2009–10, affecting the comparability of spending and FTE information by program activity.

In addition to Table 2-9, the CFIA also achieved the following strategic initiatives under Internal Services:

Strategic Performance Analysis

The CFIA continued to strengthen its internal management processes and systems.

- The CFIA continued to develop and implement key IM/IT initiatives in support of business development and enhancement activities. One such example was the implementation of a data centre that houses mission-critical computer systems and associated components and that is a central repository for the storage, management and sharing of data and information. This data centre includes the first large-scale adoption of InterNetworking Voice and Data Solution in the GoC.
- The CFIA continued to progress on all public service renewal commitments that respond to challenges related to planning, engagement, recruitment, building capacity, and providing supportive human resource management architecture. Accomplishments include a more integrated, inclusive and horizontal approach to planning; participation in 20 career fairs; and the development of a training and multi-year rollout plan to support meat processing inspectors that will outline the training needed to support inspection staff in all commodities before they begin performing their duties. The CFIA will continue to advance the initiatives relating to the Agency's renewal plan for 2008–13.

DID YOU KNOW?

The CFIA was selected as one of the National Capital Region's Top 25 Employers, further branding the Agency as an employer of choice.

- As part of its long-term process to improve overall performance measurement and reporting, the CFIA continued the development of its Performance Management and Reporting Solution (PMRS), with the objective of delivering timely program management and high-level performance information that is easily accessible, robust, reliable and well-substantiated. This project aims to create an Agency-wide management tool that provides effective performance feedback to allow better reporting and to enhance performance monitoring and reporting at all levels. When fully operational, the PMRS will facilitate the production of various corporate reports.
- The CFIA's Values and Ethics Strategy is one of the most comprehensive strategies within the GoC. Its design ensures that the Agency's values are embedded in the organization and helps foster an ethically sound and vibrant culture that reflects Public Service and Agency Values and Ethics. To that end, the Agency continued the development of a comprehensive Values and Ethics training program/strategy that included an updated on-line training module, an orientation program and leadership development courses.

The CFIA focused on developing key plans for the future and improving critical areas of infrastructure.

- The federal government committed approximately $24 million over two years (2009–10 to 2010–11) to help modernize the CFIA's laboratories so that scientists and researchers can continue to work in safe, modern facilities and continue contributing to the health and safety of Canadians. The CFIA has planned to deliver 13 initiatives comprising 30 projects in six provinces and seven laboratories. In 2009–10, the CFIA completed nine projects as planned at the following laboratories: Burnaby, Calgary, Dartmouth, Lethbridge, Ottawa and St-Hyacinthe.[38]

[38] For more details on CFIA's projects in Canada Economic Action Plan please see http://actionplan.gc.ca/eng/index.asp

Canada's Economic Action Plan			
2009–10 ($ Millions)			
Planned Spending	**Total Authorities[39]**	**Actual Spending**	
0	9.8	8.0	
Expected Results	**Performance Indicators**	**Targets**	**Performance Status**
Deferred maintenance at seven laboratories (over 2 years) is addressed to modernize equipment and improve safety standards	Percentage of projects completed on time	100%	100%
	Percentage of CEAP funds spent	100%	82%*

* The 82% variance for the percentage of CEAP funds spent was due to the current construction industry climate in Canada. This industry is demonstrating significant uncertainty regarding potential bid prices and competitiveness. Projects that are very similar in scope and technical complexity but carried out in different regions of Canada are showing marked differences in bid prices. The result of these economic and industry factors is that many traditional assumptions applied to project estimates are no longer valid—resulting in large variances in bids to estimates. In the case of the 2009–10 EAP projects, this resulted in a net 18% surplus.

- As per the new TBS policy on investment planning, the CFIA updated the Investment Planning Implementation Project (IPIP), including approval of the project charter and the dedication of its resources. Through the IPIP, the CFIA evaluated governance, planning, processes and tools for investment planning to strategically integrate and prioritize plans related to assets and acquired services. The CFIA also began the process to establish an Enterprise Project Management Office and will prepare a draft Enterprise Project Management Framework including processes, standards and templates.

Lessons Learned

Based on the internal post-mortem of Management Accountability Framework (MAF) Round VII, and in keeping with TBS guidance, the CFIA improved its tracking of progress toward addressing recommendations made under the MAF exercise through enhancements to its Action Plan—a tool used to track progress in all areas of management.

The enhancements to the MAF Action Plan will contribute to better performance measurement for all areas of management, including Internal Services. This Action Plan requires regular updates and advising senior management of issues. The improvements provide for better horizontal analysis across areas of management, deliver more detailed best practices and identify areas of focus regarding management activities.

[39] The Authorities and Actual Spending figures of the CEAP are inclusive of Employee Benefit Plans (EBP).

Section III: Supplementary Information

3.1 Financial Information

3.1.1 Financial Highlights

The financial highlights presented within the Agency's Performance Report are intended to serve as a general overview of the CFIA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles, Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*. The Agency has been audited since its creation and has always received an unqualified opinion.

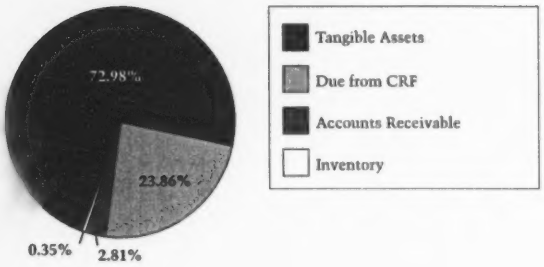
(In thousands of dollars)

Condensed Statement of Financial Position As at March 31	% Change	2010	2009
ASSETS			
Total Assets	3.90%	284,961	274,269
TOTAL	3.90%	**284,961**	**274,269**
LIABILITIES			
Total Liabilities	(12.09%)	199,515	226,956
EQUITY			
Total Equity	80.60%	85,446	47,313
TOTAL	3.90%	**284,961**	**274,269**

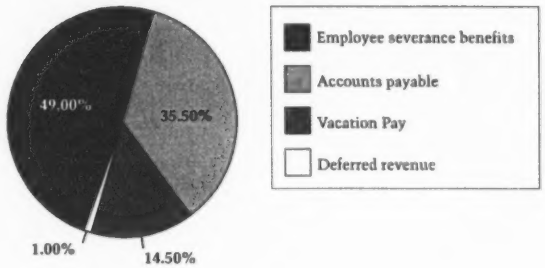
(In thousands of dollars)

Condensed Statement of Operations Year ended March 31	% Change	2010	2009
EXPENSES			
Total Expenses	0.35%	808,476	805,691
REVENUES			
Total Revenues	2.66%	55,743	54,299
NET COST OF OPERATIONS	0.18%	**752,733**	**751,392**

Assets by Type



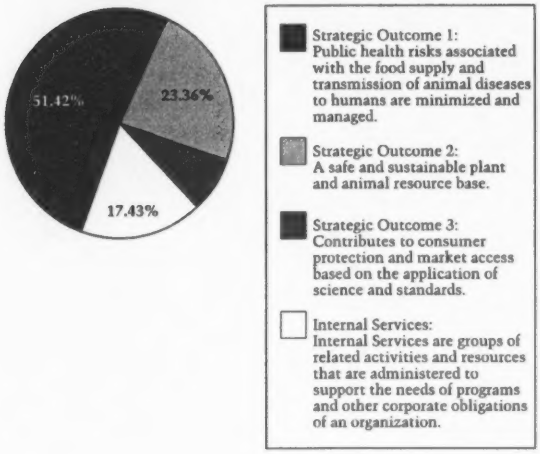
Liabilities by Type



Total assets at the end of 2009–2010 were $285 million, an increase of $11 million (4%) over previous year's total assets of $274 million. The $11 million increase in total assets was caused by a $6 million increase in financial assets from major acquisitions that included the Burbaby laboratory consolidation ($4.4 million). The amount of Due from Consolidated Revenue Fund (CRF) also increased by 4 million from last year, which is in line with the increase in payables at year end. Tangible assets represented the largest portion of total assets, at $208 million (73%) of total assets, while Due from CRF represented 24% at $68 million. Accounts receivable only represented 3%, followed by inventory which represented less than 1% of total assets.

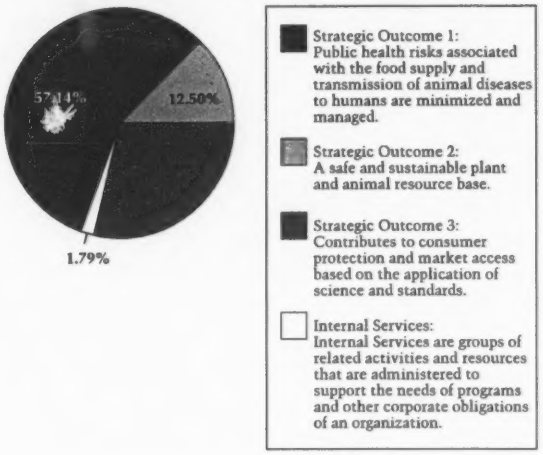
Total liabilities at the end of 2009–2010 were $200 million, a decrease of $27 million (12%) over the previous year's total liabilities of $227 million. The $27 million decrease is explained by the removal of the allowance for expired collective agreements of $14 million, the removal of the allowance for contingent liability of $9 millions, a reduction of $10 million in employee severance benefits in 2010 due to the reduction in the Treasury Board employee base rate, and offset by an increase of 6 millions in accounts payables at year end. Employee severance benefits represented 49% of total liabilities, at $98 million, followed by the accounts payable which represented 36% of total liabilities, at $71 million. Vacation pay represented $29 million (15%), while deferred revenue only represented 1% of total liabilities.

Expenses by Strategic Outcome


51.42%
23.36%
17.43%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.
Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

The total expenses for CFIA were $808 million in 2009–2010, a small increase of $3 million (less than 1%) compare to last year. Note that CFIA increase in budgetary expenses for 2010 was for the most part offset by reductions in accrual expenses. The majority of the expenses, $416 million (51%), were under Strategic Outcome 1. Strategic Outcome 2 represented $189 million (24%) of total expenses, while Internal Services expenses represented $141 million (17%) of total expenses. Approximately 8% of all expenses were derived from Strategic Outcome 3.

Revenues by Strategic Outcome


57.14%
12.50%
1.79%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.
Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

The Agency's total revenues amounted to $56 million for 2009–2010. Revenues for 2009–2010 remained fairly constant with the revenues earned in 2008-2009 with a slight increase of $2 million (3%) from the previous year. More than half of the revenue was derived from the Strategic Outcome 1. Strategic Outcome 3 represented 29% of all revenues ($16 million), where 13% ($7 million) were derived from Strategic Outcome 2. Less than 2% of all revenues were from Internal Services.

3.1.2 Auditor General's Audit Opinion on Financial Statements and Audited Financial Statements

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and the Minister of Agriculture and Agri-Food:

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2010 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
6 August 2010

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY

Year ended March 31, 2010

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate division of responsibilities, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The Departmental Audit Committee is responsible for ensuring that the President has independent, objective advice, guidance, and assurance as to the adequacy of the Agency's control and accountability processes. In order to give this support to the President, the Departmental Audit Committee exercises active oversight of core areas of the Agency's controls and accountabilities, including values and ethics, risk management, management control framework, internal audit functions, and accountability reporting.

The financial statements of the Agency have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Carole Swan
President

Stephen Baker
Vice-President, Finance, Administration and Information Technology

Ottawa, Canada
August 6, 2010

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

As at March 31
(In thousands of dollars)

	2010	2009
Assets		
Financial assets:		
Due from the Consolidated Revenue Fund	$ 68,227	$ 64,568
Accounts receivable and advances (Note 4)	7,517	6,768
	75,744	71,336
Non-financial assets:		
Inventory	1,171	1,220
Tangible capital assets (Note 5)	208,046	201,713
	209,217	202,933
	$ 284,961	$ 274,269
Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 70,527	$ 87,875
Vacation pay	29,383	29,035
Deferred revenue	2,014	2,537
Employee severance benefits (Note 7)	97,591	107,509
	199,515	226,956
Equity of Canada	85,446	47,313
	$ 284,961	$ 274,269

Contingent liabilities (Note 9)
Contractual obligations (Note 10)

The accompanying notes are an integral part of these financial statements.

Approved by:

Carole Swan
President

Stephen Baker
Vice-President, Finance, Administration and Information Technology

Ottawa, Canada
August 6, 2010

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2010	2009
Expenses		
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed	$ 416,218	$ 386,400
A safe and sustainable plant and animal resource base	188,681	211,695
Contributes to consumer protection and market access based on the application of science and standards	62,872	69,874
Internal Services	140,705	137,722
Total expenses	808,476	805,691
Revenues		
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed	31,705	29,003
A safe and sustainable plant and animal resource base	7,341	6,587
Contributes to consumer protection and market access based on the application of science and standards	15,914	18,280
Internal Services	783	429
Total revenues	55,743	54,299
Net Cost of Operations	$ 752,733	$ 751,392

Segmented information (Note 12)

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

Year ended March 31
(In thousands of dollars)

	2010	2009
Equity of Canada, beginning of year	$ 47,313	$ 88,501
Net cost of operations	(752,733)	(751,392)
Net cash provided by Government of Canada	709,893	657,802
Change in due from the Consolidated Revenue Fund	3,659	(12,758)
Services provided without charge by other government departments (Note 11)	75,988	64,746
Assets funded by other government departments	1,326	414
Equity of Canada, end of year	$ 85,446	$ 47,313

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flow

Year ended March 31
(In thousands of dollars)

	2010	2009
Operating activities		
Cash received from:		
Fees, permits and certificates	$ (55,847)	$ (57,001)
Cash paid for:		
Salaries and employee benefits	563,467	516,620
Operating and maintenance	155,089	152,284
Transfer payments	12,689	22,531
Cash used by operating activities	675,398	634,434
Capital investment activities		
Acquisition of tangible capital assets	35,058	23,425
Proceeds from disposal of tangible capital assets	(563)	(57)
Cash used by capital investment activities	34,495	23,368
Financing activity		
Net cash provided by Government of Canada	(709,893)	(657,802)
Net cash used	$ -	$ -

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

1. Authority and Purposes

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The *Act* consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

In delivering its mandate, the Agency operates under the following 3 strategic outcomes supported by internal services:

(a) Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.

As a contributor to the Government of Canada's integrated approach to population health, the Agency, in collaboration with federal partners and provincial, territorial and municipal governments, protects Canadians from preventable health risks related to unsafe food.

(b) Strategic Outcome 2: A safe sustainable plant and animal resource base.

The Agency's programming is aimed at protecting Canada's crops, forests, livestock, and aquatic animals from regulated pests and diseases; preventing the introduction of undesirable or dangerous substances into human food or the environment through animal and plant production systems; and assessing the environmental sustainability and impact on biodiversity of new products derived through enabling technologies such as biotechnology.

(c) Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.

The Agency's programming contributes to securing the conditions needed for consumer protection (as it relates to food and certain agricultural products) and for a prosperous Canadian agri-food sector that is able to access global markets. The Agency aims to verify that information provided to Canadian consumers through labels and advertising is truthful and not misleading. The Agency also works to facilitate continued and new market access for Canadian agriculture and agri-food products by verifying that Canadian products meet Canadian regulations and international standards, thereby enabling these products to enter the domestic and international marketplace in the most effective and efficient manner possible.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

(d) Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

These groups are: Management and Oversight Services; Communication Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Security Management Services; Environmental Management Services; Material Management Services, Procurement Services; Travel and Other Administrative Services.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act*, *Canada Agricultural Products Act*, *Canadian Food Inspection Agency Act*, *Feeds Act*, *Fertilizers Act*, *Fish Inspection Act*, *Health of Animals Act*, *Meat Inspection Act*, *Plant Breeders' Rights Act*, *Plant Protection Act*, and *Seeds Act*.

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

The Minister of Health remains responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. The Minister of Health is also responsible for assessing the effectiveness of the Agency's activities related to food safety.

Operating and capital expenditures are funded by the Government of Canada through parliamentary authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues generated by its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Agency is mainly financed by the Government of Canada through parliamentary authorities. Authorities provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high level reconciliation between the bases of reporting.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Due from the Consolidated Revenue Fund (CRF)

Due from the CRF represents the net amount of cash that the Agency is entitled to draw from the CRF without further authorities to discharge its liabilities. These amounts have been charged to current or prior years' authorities but will be paid in the future.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts based on the services provided in the year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan (Plan), a multi-employer plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. The Agency is not required under present legislation to make contributions with respect to actuarial deficits of the Plan.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Other future benefit plans:

The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the federal government's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Environmental liabilities

Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Agency becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Agency's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(j) Inventories

Inventories consist of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

(k) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset class

(l) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities (include claims and litigation), the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

3. Parliamentary Authorities

The Agency receives most of its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used:

(in thousands of dollars)	2010	2009
Net cost of operations	$752,733	$751,392
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments	(75,988)	(64,746)
Amortization of tangible capital assets	(26,321)	(25,189)
Revenue not available for spending	818	373
Net changes in future funding requirements	35,543	(39,671)
Low value assets funded by other government departments	(255)	(47)
Loss on disposal of tangible capital assets	(3,515)	(460)
Post-capitalization of tangible capital assets	656	439
Net book value of transfer in/out	(54)	-
	(69,116)	(129,301)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	35,058	23,425
Proceeds from disposal of tangible capital assets	(563)	(57)
	34,495	23,368
Current year authorities used	$718,112	$645,459

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

(b) Authorities provided and used:

(in thousands of dollars)	2010	2009
Vote 30 - Operating expenditures	$618 770	$557,710
Vote 35 - Capital expenditures	39,725	44,396
Statutory contributions to employee benefits plans and compensation payments	92,135	94,853
Less:		
Authorities available for future years	(515)	(19)
Lapsed authority – operating	(27,255)	(33,143)
Lapsed authority – capital	(4,748)	(18,338)
Current year authorities used	$718,112	$645,459

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2010	2009
Receivables from other government departments and agencies	$1,684	$1,245
Receivables from external parties	5,718	5,793
Employee advances	112	113
Other	462	106
	7,976	7,257
Less:		
Allowance for doubtful accounts on receivables from external parties	(459)	(489)
Total	$7,517	$6,768

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

5. Tangible Capital Assets

(in thousands of dollars)

	Cost				Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2010 Net book value	2009 Net book value
Land	$3,331	$ -	$ -	$3,331	$ -	$ -	$ -	$ -	$3,331	$3,331
Buildings	248,639	7,310	1,151	254,798	164,568	9,976	1,035	173,509	81,289	86,209
Machinery and equipment	78,433	6,537	5,323	79,647	31,211	5,203	3,239	33,175	46,472	47,414
Computer equipment and software	42,231	2,302	1,179	43,354	34,340	3,783	1,092	37,031	6,323	7,892
Vehicles	34,895	2,048	1,310	35,633	19,746	4,416	857	23,305	12,328	15,100
Assets under construction	34,645	22,004	6,711	49,938	-	-	-	-	49,938	34,644
Leasehold improvements	19,667	2,114	-	21,781	10,263	2,943	(210)	13,416	8,365	7,123
	$461,841	$42,315	$15,674	$488,482	$260,128	$26,321	$6,013	$280,436	$208,046	$201,713

Amortization expense for the year ended March 31, 2010 is $26,321 (2009 - $25,189).

Disposals of $5,004 from assets under construction represent assets that were put into use in the year and have been transferred to the other capital asset classes as applicable. The remaining $1,707 represents assets that were never put into use and were consequently written-off.

6. Accounts Payable and Accrued Liabilities

The following table presents details of the Agency's account payable and accrued liabilities:

(in thousands of dollars)	2010	2009
Accounts payable to other government department and agencies	$21,498	$10,814
Accounts payable to external parties	35,147	29,936
	56,645	40,750
Accrued liabilities	13,882	47,125
Total	$70,527	$87,875

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2010

7. Employee Benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (Plan), a multi-employer plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. In 2009-2010, the Agency contributed $61,268,000 (2009 - $53,472,000), which represents approximately 1.9 times (2009 – 2.0 times) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future authorities. Information about the severance benefits, measured for March 31, is as follows:

(in thousands of dollars)	2010	2009
Accrued benefit obligation, beginning of year	$107,509	$90,569
(Recovery) expense for the year	(2,392)	24,683
Benefits paid during the year	(7,526)	(7,743)
Accrued benefit obligation, end of year	$97,591	$107,509

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Year ended March 31, 2010

8. Compensation Payments

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to these two Acts totaled $7,274,000 (2009 - $20,480,000). These payments pertained to the following diseases:

(in thousands of dollars)	2010	2009
Chronic Wasting Disease	$2,633	$6,306
Sudden Oak Death	1,888	10,478
Anaplasmosis	971	-
Plum Pox Virus	775	720
Scrapie	120	444
Asian Long Horn Beetle	89	469
Avian Influenza	12	1,198
Other	786	865
	$7,274	$20,480

9. Contingent Liabilities

(a) Claims (including legal claims and employee grievances) and litigation

Claims relating to both legal and employee grievances have been made against the Agency in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimate of liability is accrued and an expense recorded in the financial statements.

Amounts have been accrued for contingent liabilities as at March 31, 2010 pertaining to legal claims. The amount of the contingent liabilities for legal claims recognized is based on management's best estimate. Other legal claims against the Agency and other defendants include class action suits related to bovine spongiform encephalopathy (BSE) for which amounts and likelihood of liability cannot be determined.

No amounts have been accrued pertaining to employee grievances as at March 31, 2010.

(b) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. There are currently no known contaminated sites identified where such action is possible. The Agency's ongoing effort to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Agency in the year in which they become known.

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Year ended March 31, 2010

10. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and agreements whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2011	2012	2013	2014	2015 and thereafter	Total
Operating leases	$1,027	$967	$961	$923	$922	$4,800
Transfer payments	583	-	-	-	-	583
Other agreements	8,893	2,118	1,826	1,607	1,401	15,845
Total	$10,503	$3,085	$2,787	$2,530	$2,323	$21,228

11. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services provided without charge by other government departments

During the year, the Agency received without charge from other departments, the employer's contribution to the health and dental insurance plans, accommodation, and legal services. These services without charge have been recognized in the Agency's statement of operations as follows:

(in thousands of dollars)	2010	2009
Employer's contribution to the health and dental insurance plans	$40,567	$37,006
Accommodation	33,433	26,627
Legal services	1,988	886
Other	-	227
	$75,988	$64,746

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Year ended March 31, 2010

(b) Other transactions with related parties

(in thousands of dollars)	2010	2009
Accounts receivable from other government departments and agencies	$1,684	$1,245
Accounts payable to other government departments and agencies	21,498	10,814
Expenses – Other Government departments and agencies	120,590	110,673
Revenues – Other Government departments and agencies	583	220

12. Segmented information

Presentation by segment is based on the Agency's strategic outcome architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main strategic outcomes, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

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Year ended March 31, 2010

(in thousands of dollars)	2010					2009
	Strategic Outcome 1	Strategic Outcome 2	Strategic Outcome 3	Internal Services	Total	Total
Revenues						
Inspection fees	$27,443	$4,264	$8,051	-	$39,758	$37,860
Registrations, permits, certificates	2,255	1,517	5,305	-	9,077	10,429
Miscellaneous fees and services	258	1,560	2,415	-	4,233	3,488
Establishment license fees	1,571	-	141	-	1,712	1,855
Grading	178	-	2	-	180	238
Administrative monetary penalties	-	-	-	752	752	365
Interest	-	-	-	31	31	64
Total Revenues	31,705	7,341	15,914	783	55,743	54,299
Operating expenses						
Salaries and employee benefits	320,367	132,481	48,699	80,369	581,916	582,968
Professional and special services	27,632	10,570	4,523	28,359	71,084	71,421
Accommodation	18,582	7,726	2,799	5,757	34,864	26,924
Amortization	13,684	6,488	1,870	4,279	26,321	25,189
Travel and relocation	10,805	5,668	1,331	3,241	21,045	21,743
Utilities, materials and supplies	9,818	7,313	1,047	1,794	19,972	19,413
Furniture and equipment	6,739	2,361	348	2,903	12,351	7,654
Communications	1,835	858	180	8,614	11,487	11,849
Repairs	3,581	5,095	1,509	785	10,970	7,887
Loss on disposal of tangible capital assets	1,828	866	250	571	3,515	460
Information	242	271	120	2,808	3,441	3,963
Equipment rentals	461	862	81	1,134	2,538	2,269
Miscellaneous	413	76	15	91	595	1,135
Total operating expenses	415,987	180,635	62,772	140,705	800,099	782,875
Transfer payments						
Compensation payments	-	7,274	-	-	7,274	20,480
Other	231	772	100	-	1,103	2,336
Total transfer payments	231	8,046	100	-	8,377	22,816
Total Expenses	416,218	188,681	62,872	140,705	808,476	805,691
Net Cost of Operations	$384,513	$181,340	$46,958	$139,922	$752,733	$751,392

See Note 1 for complete definition of Strategic Outcomes

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13. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.

3.2 List of Supplementary Information Tables

- Sources of Respendable and Non-Respendable Revenue
  - Sources of Respendable Revenue
  - Sources of Non-Respendable Revenue
- 2009–10 User Fee Reporting – *User Fees Act*
  - Table A: User Fee
  - Table B: External Fee
- Status Report on Projects operating with specific Treasury Board Approval
- Details on Transfer Payments Programs (TPPs)
- Horizontal Initiatives
  - Table A: Bovine Spongiform Encephalopathy
  - Table B: National Aquatic Animal Health Program
  - Table C: Listeria
- Green Procurement
- Response to Parliamentary Committees and External Audits
- Internal Audits and Evaluations
  - Table A: Audits
  - Table B: Evaluations

All electronic supplementary information tables listed in the 2009–10 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at

http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp

http://publiservice.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp

3.3 Other Items of Interest

3.3.1 Summary of Performance Indicators

3.3.2 Performance Indicators by Operational Priority

3.3.3 Further Information on the Assessment of Compliance